GOVERNING COUNCIL
Thirtieth session

SUMMARY RECORD OF THE 13th MEETING

Held at Headquarters, New York,
on Wednesday, 8 June 1983, at 10.30 a.m.

President: Mr. SLIM (Tunisia)

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Policy review: measures to mobilize increased resources for UNDP on an increasingly predictable, continuous and assured basis (continued)

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The meeting was called to order at 10.45 a.m.

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

General debate

1. Mr. PRAGER (United Nations Educational, Scientific and Cultural Organization) said UNESCO was relieved that the Intersessional Committee of the Whole and the leadership of UNDP had led the policy debate, going on since June 1982, back to a reaffirmation of the fundamental aims of United Nations technical co-operation. It was particularly pleased to note that the Administrator, in the introduction to his annual report (DP/1983/6), had forcefully reaffirmed the desire to preserve and enhance the core function of UNDP.

2. It was a matter of concern that IPF funding had fallen to barely 40 per cent of all technical co-operation funding. That had had a significant impact on the least developed countries, which depended heavily on IPF funds, since they could not attract adequate special-purpose funding. It had also affected country programming, which could not reasonably serve as a frame of reference for the integration of non-UNDP resources in the many cases where the IPF mass was not large enough to serve as a programming nucleus. There was a threshold below which the ratio of IPF funding should not be allowed to fall. In that connection, UNESCO looked forward to the forthcoming session of the Economic and Social Council, which would be considering a document dealing with a comprehensive policy review of operational activities for development.

3. Another crucial issue was the degree to which the United Nations development system could or should adapt itself to the multiplicity of special conditions governing the use of donated funds. UNDP was certainly not alone in reaching towards funding arrangements which implied political or commercial considerations that might distort the allocation of resources. However, UNDP's role as the standard-setter for the system magnified the danger of compromises, such as the waiver of competitive bidding in the procurement of equipment and services for certain UNDP-administered funds. The Governing Council would be considering at its current session a proposal that UNDP should be authorized to provide management and other support services to bilateral programmes. In the view of UNESCO, that proposal raised a number of questions. Would such arrangements not be likely to increase the system's involvement with the special concerns of donors and thereby upset the delicate balance between donors' concern and recipient countries' needs? Was there not a danger that they might induce some donor countries to opt for bilateral rather than multilateral assistance? Furthermore, would such arrangements not confuse the essential distinction between the central programming and co-ordinating role of UNDP and the substantive role of its partner agencies?

Paragraphs 15, 17 and 18 of document DP/1982/35 gave the impression that UNDP could
identify and formulate projects, recruit project personnel and procure project equipment without having recourse to the substantive capacities of its agency partners. Such a dual posture as the overseer of executing agencies and as an executing agency itself would not, in the view of UNESCO, be compatible with the central responsibility of UNDP.

4. UNDP was once again in a period when financial and budgetary considerations appeared to have higher priority than substantive and programming considerations. The pressure to match annual project delivery precisely with available funds was so great that there was a risk of losing sight of the true objectives of development. That danger had been identified in the recent Joint Inspection Unit report on UNDP field offices. Greater coherence of United Nations action at the country level required that resident co-ordinators should assume a very active role in close co-operation with the agencies of the system.

5. UNESCO was confident that a shift from field office preoccupation with financial matters to greater concern for the content of technical co-operation would in itself go a long way towards restoring a better balance in overall efforts of the United Nations system at the country level. The long-term enhancement of infrastructures in education, health, science and technology, for example, would doubtless receive more attention than was the case at present. In that connection, he noted with interest the Administrator's observation that persistent concentration on capital investment in the development process had obscured other vital factors such as knowledge, training, community participation and cultural considerations. UNESCO was deeply concerned over the trend to allocate less funds to such fields as education, literacy and scientific and technological infrastructure, which were vital to the attainment of self-reliance by the developing countries.

6. There had been a growing tendency of late to sub-contract project implementation outside the United Nations system. Such an arrangement often produced more rapid results, but it had two serious drawbacks. First, it was more expensive than traditional modes of execution, and, second, it funnelled off scarce multilateral funds into quasi-bilateral channels at a time when the United Nations delivery capacity was being under-utilized. There was a danger that a fixation on speed of delivery might lead to the over-use of sub-contracting. Such concerns had been expressed at the 115th session of the Executive Board of UNESCO. In that connection, a measurement study undertaken by the UNESCO secretariat had shown that the real support costs of development activities undertaken by UNESCO amounted to 21 per cent of project costs, the difference being borne by the regular budget. UNESCO looked forward with interest to the results of a CCSQ/OPS study on the cost of sub-contracting.

7. The Director-General of UNESCO fully supported the Administrator in his efforts to secure additional resources to enable UNDP to continue and even expand its activities. The Executive Board of UNESCO had also stated its concern about the present situation and, in a decision adopted at its 115th session, had expressed its strong support for the Administrator's appeals for a substantial and
real increase in UNDP's resources. Obviously, the current financial difficulties affected all the organizations of the system, and they should close ranks rather than compete for scarce resources. However, the main problem was not so much the lack of resources as the erosion of the political will to channel a substantial portion of them through the unique instrument which was UNDP. It was to be hoped that the current session of the Council would provide a renewed impetus to that political will.

8. Mr. EGGERT (Finland) said that, while UNDP had been a success story, its record in promoting development was somewhat uneven. Its achievements could be quickly eroded if not consolidated by sustained growth in per capita terms. Technical co-operation had a vital role to play in that connection, and the development of human resources should be pursued irrespective of short-term fluctuations in economic activity.

9. It was disturbing that one of the major multilateral sources of technical assistance to the developing countries was facing a contraction of its activities. In 1981, for the first time in the history of UNDP, contributions had actually declined in nominal terms while contributions to other sources of technical system, both within the United Nations system and outside, had continued to grow. Thus, it was evident that UNDP's funding problems did not merely reflect the broader economic situation in donor countries; the reasons were more complicated and varied from donor to donor.

10. Finland had been a strong supporter of UNDP over the years and intended to continue its support. The 1970 consensus still provided a solid basis for UNDP's future activities. There was, however, a growing disparity between principle and practice, and there was a need to restore confidence in the Programme. UNDP was an important part of the United Nations system, and strengthening it helped to strengthen the system as a whole. In addition to reaffirming the 1970 consensus, it would be worthwhile to investigate ways and means of supplementing it with provisions designed to bring UNDP into line with the requirements of the 1980s.

11. The Intersessional Committee of the Whole had done commendable work in analysing the problems facing UNDP and had made a number of practical recommendations for improving its financial situation. Those recommendations represented a distinct, although small, step in the right direction. His delegation could support all the recommendations but felt that more analysis was needed on a conceptual level. It could not, for example, understand why the concept of a central funding and co-ordinating agency for multidisciplinary and multisectoral assistance was not sufficiently appealing to donors, and wondered how that concept might be further developed. Other questions which should be considered in the continuing discussion on the role of UNDP were how differences between donor priorities and priorities determined on the basis of "objective criteria" affected the funding decisions of donors, how the problem of burden-sharing could be solved and what universality really entailed. In the meantime, the more immediate requirements of the Programme needed to be dealt with in a proper way, and the Intersessional Committee of the Whole had provided a number of recommendations to that end.

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12. In recent years, Finland had been able to increase its contributions to UNDP by 14 per cent annually and had not, therefore, contributed to the present predicament of the Programme. Nevertheless, his Government had been willing to consider participation in a broad "one-shot" fund-raising effort. In the longer term, it favoured a replenishment system as the most effective method of funding on an assured and continuous basis. It intended to make its best efforts at least to maintain the value of its contributions from year to year. His delegation welcomed, in particular, the consultation procedures recommended by the Intersessional Committee. As to the strengthening of the role of the Governing Council, it was particularly interested in the recommendation concerning the establishment of a Programme Committee on a trial basis. The establishment of an evaluation unit within the available resources also met with his delegation's approval.

13. The conclusion reached by the Intersessional Committee on additional and alternative ways of financing was somewhat disappointing. His delegation fully understood that UNDP's financial problems could be solved neither by increasing contributions in cash and kind nor by providing management and support services. Such measures were, at best, marginal and complementary. The proposals in document DP/1983/ICW/13 were therefore eminently sensible and should be accepted. His delegation was confident that the provision of management and support services by UNDP would enhance the use of the field office network and thus strengthen the multilateral system. Obviously, all additional costs incurred should be charged to users.

14. At a time of scarce resources, every opportunity for pragmatic co-operation should be explored. At the thirty-seventh session of the General Assembly, the Nordic countries had emphasized the importance of closer co-operation between UNDP and the World Bank, both in the field and at headquarters. The regional development banks could also be brought into closer co-operation with UNDP. It was essential to bear in mind the basic objective of development co-operation, namely to make available to recipient countries relevant and effective assistance in support of their own development efforts. UNDP's endeavours to develop in that direction should not be stalled by secondary and theoretical considerations.

15. Mr. HURRELL (United Kingdom) said that, while the past year had not been a good one for UNDP, the Programme was still full of life, and, thanks not least to the Administrator's efforts, there had been the first faint indications of an upturn in its fortunes.

16. The main issue before the Council at the current session was the report of the Intersessional Committee of the Whole, which contained some sound recommendations. Three lessons could be drawn from the deliberations of the Intersessional Committee.

17. First, the main cause of the stagnation in UNDP's resources since the end of the second cycle had been the world-wide recession. When over 90 per cent of an agency's resources were provided by only 12 donors, fluctuations in the level of any of their contributions were bound to have a disproportionate effect on the total.
18. The second main cause of UNDP's troubles was the unwillingness of a number of relatively wealthy countries to provide more than token support and to do so in fully convertible currency. Any real solution to the Programme's financial difficulties must therefore lie in broadening the base of its support. One of the main reasons for the rapid growth of resources in the first and second cycles had been the transition of several donors from the minor to the major "league". If countries whose contributions fell far short of their relative strength had followed that example, growth could have continued into the third cycle.

19. The third lesson concerned competition for funds within the United Nations family. The decline in UNDP's share of technical co-operation funding had been startling. His delegation had consistently supported UNDP as the central focus for funding and co-ordination of United Nations technical co-operation activities; it opposed the proliferation of special funds and the financing of technical co-operation from the budgets or extrabudgetary resources of other specialized agencies. New funds almost invariably failed to attract additional resources and instead competed with UNDP for the limited funds available. Moreover, when agencies increased their budgets, it was often at the expense of voluntary contributions to, for example, UNDP. That was not the least of the arguments for restraint in the growth of regular budgets. Decisions taken in other parts of the system could have dire consequences for UNDP, and that fact needed to be borne in mind by Governments and United Nations bodies.

20. It was to be hoped that the work of the Intersessional Committee of the Whole would instil a greater sense of realism in future planning. UNDP's problems had been exacerbated by the setting of IPFs for the third cycle at a level which bore no relation to the resources in prospect. A component of the apparent decline of resources had been exchange rate changes. In the latter years of the second cycle, the exceptionally low value of the United States dollar had exaggerated the value of contributions in other major currencies. During the past three years the opposite had been the case, and UNDP's total resources in dollars appeared exceptionally low. However, what mattered was the buying power of the Programme's resources, and that had arguably not declined anywhere near as much. It was regrettable that the Intersessional Committee had given only brief attention to that question.

21. His Government was unfortunately unable to make additional resources available to UNDP in 1983. However, the fact that it could not provide more than the £18.5 million already pledged did not reflect a lack of confidence in the Programme.

22. His delegation was opposed to the suggestion that Governments should be asked to maintain the real value of their pledges. That would in effect require those already contributing most generously to continue to bear the greatest burden; it would perpetuate inequality and would depart radically from the voluntary principle. If the Governing Council wished to exhort the laggards, it should make clear who they were.
23. With regard to greater predictability of resources, his delegation believed that a rolling programme for both financial planning and programming offered flexibility, continuity and an opportunity for UNDP to respond more sensitively to the changing needs and priorities of recipient countries. The Council needed to reflect on how such proposals could be tied in with the system of five-year IPFs. The problem was not insuperable, provided that IPFs were based on a realistic assessment of future resources.

24. As other speakers had pointed out, the financial problems faced by UNDP and other members of the United Nations family were not simply the result of the current recession but were part of a wider trend of growing questions in many donor countries about the effectiveness of multilateral aid. At a time of overall budgetary constraint, it was essential to look particularly carefully at how available resources were spent whether on multilateral or bilateral aid, and to be able to demonstrate that programmes represented real value for money. In that connection, the Administrator's decision to establish a central evaluation unit and the recommendations of the Intersessional Committee for strengthening the role of the Governing Council in programme matters were particularly welcome. The work of the proposed Programme Committee should not, of course, be duplicated in the Governing Council, and his delegation assumed that the meetings of the former would be balanced by a corresponding reduction in the length of the latter's session. Furthermore, no change in structure would make the Governing Council more effective if the documentation was not received in good time.

25. His delegation considered the proposal that UNDP should be authorized to provide services to bilateral donors acceptable in principle. However, safeguards should be established, to ensure that no new financial or manpower costs were imposed on UNDP, and that the arrangements did not undermine UNDP's ability to manage its own programmes.

26. The Intersessional Committee had rightly refrained from recommending any major change in UNDP's structure. His delegation had confidence in UNDP in its present form and under its present leadership. The Programme was experiencing hard times for reasons beyond its control, but the Administrator had taken firm measures to ensure that the current difficulties would not lead to a financial crisis of the type experienced in 1975. Control over administrative costs and greater concentration on programme effectiveness should ensure that the developing countries for which the Programme existed gained the maximum possible benefit from the available resources. That had to remain the prime consideration.

27. Mr. JÖDAHL (Sweden) said that, while the record of development was impressive, much remained to be done before the poorest countries could face a future of some comfort. The economic recession, heightened protectionism, growing debt-service burdens and weakened international economic co-operation had hit the weakest partners of the international community especially hard. Such problems were not likely to diminish in the future. As a result of population growth, the needs of the developing countries by the year 2000 would be staggering, and it was only by promoting human resources development that the international community could hope to deal with the situation.
28. Against that background, the urgency of putting UNDP once again on a solid foundation was obvious. His delegation hoped that the Council would adopt the package of proposals developed by the Intersessional Committee of the Whole for improving the resource base of the Programme. It was encouraging that the Committee had been able to agree on a number of procedures for further resource mobilization which could develop into a system for more assured funding. The consultations envisaged should be a starting-point for Governments to make multi-year commitments, or at least to give preliminary indications of their planned contributions for subsequent years. The current session should be seen as the beginning of a process leading to increased, more predictable and assured resources for UNDP.

29. During the past year, UNDP had received considerable direct and indirect political support. At the meeting of non-aligned countries in New Delhi recipient countries had reaffirmed their support for multilateral aid, and at the ministerial meeting of OECD donor countries had recognized the importance of technical co-operation and reaffirmed their commitment to a strong, centrally-funded system of United Nations technical co-operation. It was to be hoped that contributions to UNDP would be made on a more predictable and assured basis. Realistically, however, UNDP would have to find ways to continue to work effectively with only modest real increases in resources. In the short term, the opportunity still remained for Governments to pledge to the so-called "one-shot" operation. Other States should follow the example of Switzerland in announcing generous contributions at the current session of the Council.

30. Through common efforts by UNDP and the World Bank, more efficient use of the entire multilateral system could be achieved. The Programme and the Bank had different tasks and modes of operation, but they were uniquely complementary. Pragmatic co-operation between the two should increase the overall impact of programmes. However, the need for co-operation was not limited to those two institutions; financial constraints made it essential to use the multilateral system for development as a cohesive and well co-ordinated unit at the service of its members.

31. Where evaluation was concerned, he hoped that the Administrator would make full use of the experiences of recipient Governments. It must be recognized that UNDP was competing with other development organizations and bilateral programmes. Evaluation should be an instrument to ensure that the future of UNDP could be built on mutual confidence of recipients and donors in the activities of UNDP, so that a sound basis could be established for more equitable burden-sharing in the years to come.

32. The best insurance for rational decisions both on policy matters and on funding was the effective involvement of Governments in programming. The proposed Programme Committee should therefore consider reports on activities of UNDP in particular sectors of interest to its members, such as energy, education and rural development. The Committee would also be a natural forum for discussions of evaluation reports. It should not, however, involve itself in the detailed
scrutiny of individual projects in country programmes, nor should it usurp the decision-making role of the Governing Council itself.

33. His delegation was pleased to see a manifest agreement that the 1970 consensus was still valid. But, in order to perform its task, UNDP had to develop. Its funding mechanisms had to be improved and its methods of work constantly reviewed. In 1984 UNDP would undertake the mid-term review of the third cycle. That review should be not only a stocktaking; rather the emphasis must be on how to deal with the remaining part of the cycle and how to prepare for the next one.

34. Mr. MI Guojun (China) said that the severe constraints placed on the resources of UNDP had had adverse effects not only on the implementation of its own programmes but also on the operation of the entire United Nations development system. The serious concern thus aroused in the international community, and in the developing countries in particular, had made resource mobilization for the third cycle the key issue before the Council in recent years.

35. The main tasks facing the developing countries were the development of their economies, the consolidation of independence and the gradual improvement of living standards. Since, for historical reasons, their development had been held back by the lack of funds and technology, the developing countries were in urgent need of external assistance from the international community. One of the major tasks of the United Nations, under the terms of its Charter and the resolutions of the General Assembly, was to promote the economic and social development of the developing countries. The International Development Strategy for the Third United Nations Development Decade truly reflected the common aspirations and needs of the developing countries.

36. Because of the extension of its technical co-operation activities to almost all sectors of economic and social development over the past three decades, UNDP had given rise to increasing expectations on the part of developing countries. The situation created by the world-wide economic crisis, in which the developing countries had been the hardest hit, called for more development assistance and a more dynamic role for UNDP; yet some of the developed countries had reduced their assistance or even refused to honour their commitments under the International Development Strategy. The difficulties experienced by UNDP in funding the third programming cycle had led to substantial reductions in country IPFs and sharp downward readjustments of country programmes and other programme activities. That had caused great difficulties for economic planning in the developing countries and had adversely affected the operations of executing agencies and the public image of UNDP itself. Some of the developed countries, being caught in a deep economic crisis, had reduced their official development assistance as a means of bringing down budgetary expenditure and curbing inflation, even though ODA accounted for only a minor part of such expenditure and its reduction could have little effect on inflation. Moreover, since most of the assistance would eventually be used for procurement of capital goods and consultant services in the donor countries themselves, the reduction of ODA and of contributions to UNDP could not alleviate...
(Mr. Mi Guojun, China)

inflation and unemployment. In view of the growing needs of the developing countries, UNDP assistance should rather be increased and should on no account be allowed to fall below previously attained levels. Resources should also be provided on a planned basis so as to ensure programme continuity and greater effectiveness.

37. At the present stage in world history, the economic development of all countries was interrelated and the assistance provided by developed to developing countries was no longer regarded as a form of charity but as an international obligation. Given the vast territories, large populations, rich natural resources and huge markets of the developing countries, their economic development and the improvement of the living standards of their peoples would have an important bearing on the economic recovery of the developed countries and on an upturn in the world economy as a whole. If their economies remained stagnant, there could be no real economic recovery in the developed countries either. The persistence of such a situation would further aggravate North-South relations and endanger world stability. Accordingly, the developed countries should recognize the true nature of the situation and adopt far-sighted policies, such as substantially increasing their contributions to UNDP.

38. With regard to strengthening the role of UNDP, the basic principles of the 1970 consensus, which had guided the work of the Council in an effective manner for many years, must be maintained. Nevertheless, the working of the Governing Council within existing arrangements could be further improved, and his delegation agreed in principle with the four points made in that connection in paragraph 48 of document DP/1983/5. Its initial reaction to the proposal to establish a Programme Committee was that it was unnecessary, although it was open to further discussion on the matter. Since the formulation of country programmes was primarily the responsibility of recipient countries, it made no substantial difference whether such programmes were reviewed by the Council or by a Programme Committee.

39. UNDP's central role of financing and co-ordination in the United Nations development system should be maintained and strengthened in accordance with the relevant General Assembly resolutions. The comprehensive development service mechanism established by UNDP should be fully utilized to serve the cause of development of the developing countries, although some of its procedures needed to be improved to ensure the smooth implementation of projects. His delegation agreed in principle with the proposal in document DP/1983/ICW/13 that the UNDP mechanism, particularly the field office network, should be used to extend services to both recipient and donor Governments in their bilateral co-operation, but it should be stressed that such undertakings must be carried out only with the approval and at the request of the Governments concerned. UNDP should tap the potential of its existing mechanism in providing such services; increases in staff and facilities should be kept to a minimum, and the service charge should be kept at a reasonable level.
40. The evaluation exercise had been functioning well, although there was always room for improvement. With regard to the proposed central evaluation unit, which would require $300,000 in the first biennium and $1.5 million in each subsequent year, his delegation was concerned at the possibility that its establishment might entail duplication of work and an additional work-load and increased administrative costs for the field offices.

41. His delegation agreed in principle that the necessary measures should be taken to improve and strengthen UNDP information activities. Existing facilities and staff should be put to more effective use, documentation should be more concise, of higher quality and smaller in quantity, and duplication of effort should be avoided so as to reduce expenditure.

42. Since the restoration of China's legitimate rights in the United Nations, it had participated in UNDP activities, had made contributions within its financial capacity and had maintained good relations with the field office in Beijing. In the four years since China had begun to receive UNDP assistance, satisfactory results had been obtained in the field of personnel training, transfer of technology and the introduction of foreign investment. In view of UNDP's present financial difficulties, cost-sharing programmes had been adopted and China had provided a larger part of the administrative costs of the field office. His Government would continue to strengthen its co-operation with UNDP and the executing agencies.

43. Mr. de PINIES (Spain) said that his Government had followed with great concern the progressive deterioration of the resource base and the growing difficulties facing UNDP. It was imperative to salvage at least the human capital and the administrative and technical experience accumulated by UNDP, if the Programme was to maintain its central role in the United Nations development co-operation and assistance system.

44. In its relations with the Programme, Spain had, within a short space of time, moved from the status of a recipient of UNDP assistance to that of a net contributor. His delegation believed that the international community could ill afford the decrease in UNDP's capability to administer development co-operation and assistance programmes.

45. Unlike the 1975 crisis, the current crisis was essentially of a structural nature. There had been a gradual decline in UNDP's share of the total resources for multilateral assistance. What was in crisis was not so much the multilateral aid system as UNDP's role within that system, and the remedy was a large measure of realism, imagination and political will, qualities that were to be found in the conclusions of the Intersessional Committee of the Whole.

46. His Government was firmly committed to the principle of the universal and voluntary nature of the Programme, embodied in the 1970 consensus. To relinquish that principle would be to jeopardize the very essence of the Programme. While his Government was faithfully complying with the Governing Council's recommendation, in...
(Mr. de Pinies, Spain)

its decision 80/30, regarding the target of a 14 per cent annual increase in real terms for the third programming cycle, it was obliged to reserve the right to pledge only annual and voluntary contributions, subject to parliamentary approval.

47. In chapter III, sections A, B and C, of its report (DP/1983/5), the Intersessional Committee recommended measures which, if applied prudently and realistically, could help to enhance the effectiveness of the Programme. Spain was afraid, however, that some of those measures could lead to growth of the bureaucratic machinery. It did not agree that a Programme Committee should be established, but it would not oppose any consensus to that effect.

48. It was regrettable that the Intersessional Committee had been unable to be more specific in its conclusions in chapter IV of the report. The reservations expressed by some delegations with regard to some of the Administrator's more realistic and imaginative proposals had been too harsh. Better co-ordination and a broader exchange of services between bilateral assistance schemes and UNDP field offices could help countries at the intermediate level of development to expand co-operation programmes with other countries and regions towards which they had feelings of kinship.

49. His delegation believed that the UNDP crisis had perhaps bottomed out. The financial outlook was relatively better, and the reflection and evaluation exercise undertaken by the Intersessional Committee was bound to bear fruit in the medium and long term. Unequivocal voices had been heard in favour of UNDP as the focus of the United Nations development co-operation and assistance system. Many delegations seemed to have reached the conclusion that UNDP needed the continuing political and financial support of donors and recipients alike. The UNDP Administration was engaged in improving its management methods, a process which would lead to more efficient programme execution.

50. Spain would do its utmost to safeguard the central role of UNDP. Subject to parliamentary approval, it would continue to make its contributions in accordance with the targets set for the third programming cycle. Its 1983 contribution represented a 50 per cent increase in nominal terms over its 1982 contribution. To the extent that it was able to continue increasing its contributions to the United Nations development co-operation and assistance system, it would channel them preferentially to UNDP.

51. His Government viewed with great interest the possibility of co-ordinating bilateral and multilateral activities in specific programmes and sectors, and hoped that the Governing Council would give the Administrator as much flexibility as possible in managing the field offices, without prejudice to UNDP's status as a multilateral co-operation agency. It commended the Administrator for the courage and imagination he was showing in endeavouring to extricate the Programme from its current crisis.
52. Mr. BHATT (Nepal) said that the grim world economic situation and the lack of progress in the negotiating forums were among the factors affecting the flow of resources to multilateral agencies. It was unfortunate that UNDP's impressive achievements in the past two decades had been overlooked. What the Programme had done during that time was now making its impact felt. It was largely because of UNDP that many developing countries possessed, for the first time since independence, some sort of administrative and management infrastructure and a nucleus of professionals of their own nationality. In the light of the larger challenges facing the developing countries and the rising expectations with which they looked at UNDP, the role of the Programme had to be expanded and diversified. One of the most important factors in that connection would be the successful implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries.

53. Nepal had had a long and fruitful association with UNDP. The relationship was one of co-operation and trust. UNDP had always been willing and able to lend Nepal a helping hand in its development efforts.

54. The roundtable meetings of donors and recipients held under UNDP auspices were concrete manifestations of UNDP's active role in assisting Governments. The outcome of the recent meeting for the least developed countries of Asia and the Pacific was quite encouraging, as had been the outcome of the 1982 meeting for the least developed countries of Africa. In that entire exercise, the least developed countries concerned had ably done their homework, with the encouragement and co-operation of UNDP.

55. The continuing critical financial situation of the Programme was a matter of great concern to his delegation. The Administrator had responded to the crisis by initiating a series of measures aimed at achieving strict budgetary and administrative discipline, as well as greater efficiency and productivity in the field. However, the failure to attain the projected growth in resources had led to a downward adjustment of projected programme levels for the third cycle, affecting 154 developing countries and self-governing territories served by the Programme. That was an alarming situation for the developing countries. Faced with that challenge, the Governing Council, at its twenty-ninth session, had established the Intersessional Committee of the Whole with the explicit mandate to study options and recommendations for the longer-term financing of UNDP, together with other recommendations for strengthening the effectiveness of the Council. During the three sessions of the Committee, there had been a free and frank exchange of views and an in-depth analysis of the situation. His delegation was grateful that some traditional donor countries had decided to alleviate the shortfall in UNDP resources by providing additional resources beyond the level of contributions originally pledged.

56. That, however, had been the only concrete result of the three sessions of the Intersessional Committee. His delegation was disappointed that a consensus on longer-term financing of UNDP had not been achieved, in spite of general agreement on the unsatisfactory state of the current situation. It would be tragic to let the effectiveness of UNDP be eroded because of resource constraints. Given the
international economic situation and the difficulties faced by developing countries, the need for UNDP co-operation, experience and expertise was even greater than before. UNDP had been rendering valuable assistance in such fields as management, training, labour-management co-operation and community participation. Strengthening of those structural elements was vital to the achievement of self-reliance and sustained growth. With its extensive network of field operations and three decades of experience, UNDP was uniquely qualified to carry on the work it had been doing. A strong resource base was essential for the development efforts of the entire United Nations system. His delegation strongly urged all major donor countries to guarantee adequate funding for UNDP on a predictable, continuous and assured basis.

57. The Intersessional Committee had submitted to the Governing Council for consideration and adoption a number of important conclusions and recommendations. The establishment of a Programme Committee would be an important element in strengthening the role of the Council, whose plenary meetings tended to be too formal for a substantive consideration of programme matters. The establishment of a Programme Committee of an advisory nature would in no way erode the authority of the Council, which would remain the sole decision-making body.

58. His delegation also supported the establishment of a small central evaluation unit. In the long run, such a unit could have a beneficial effect by increasing the programme evaluation capabilities of the developing countries. In that connection, his delegation had taken note of the Administrator's assurance that the work of the unit would in no way be a substitute for the existing monitoring and evaluation of project activities carried out under the responsibility of the regional bureaux and the special-purpose funds.

59. Nepal hoped that the Council would give those and other important recommendations the priority treatment they deserved and reiterated its complete faith in the efficacy of UNDP and its relevance to the development efforts of the developing countries.

60. Mr. MUNOZ LEDO (Mexico) said that the crisis facing UNDP threatened to undo the efforts made in recent decades and to undermine the foundations of international co-operation and the principles of equity and universality. The fate of the multilateral system, and to some extent that of the United Nations, were at stake. In the current situation, it was imperative to double rather than reduce international technical co-operation. To espouse isolationism, reduce co-operation and reject dialogue would not be consistent with the spirit or letter of the United Nations Charter.

61. International co-operation had a major role to play in promoting a better balance in international relations and better opportunities for progress for all. Unfortunately, the reaction of most of the developed countries had not been encouraging. The reduction in contributions, the moves to put programmes on a bilateral basis, the attachment of conditions to programmes and the desire for profit were likely to distort the character of UNDP and could even threaten its
existence. It was time to reaffirm the 1970 consensus and the terms of Governing Council decision 80/30. The multilateral, universal and non-discriminatory nature of development co-operation must be preserved, without prejudice to the bilateral links between countries and regions. No strings should be attached to participation in UNDP programmes. States participated as sovereign bodies, not as petitioners.

62. The Intersessional Committee of the Whole had discussed ways of strengthening UNDP's resource base in the short term and in the long term. However, it would be unacceptable that, in order to achieve that purpose, the basic principles on which UNDP had regularly operated for several decades should be impaired. It would be inadmissible to establish mechanisms through which donor countries would attempt to control project priorities and project evaluation. Many delegations were opposed to the establishment of a Programme Committee, which might usurp one of the basic functions of the Governing Council. Encouraging UNDP to recoup outlays was not consistent with the Programme's underlying principles. The distinction between a development co-operation programme and a profit-making concern should be preserved.

63. At the Seventh Conference of Heads of State or Government of Non-Aligned Countries, concern had been expressed at the resource crisis affecting the United Nations operational system and at the serious impact of that crisis on the plans and programmes of the developing countries. At Buenos Aires, the Group of 77 had agreed to approach the ongoing negotiations in a spirit of understanding, but with a determination to end the stagnation of international co-operation. The developing countries had demonstrated their constructive attitude in a number of ways. At Williamsburg, the major industrialized Western countries had declared their intention to pay special attention to the flow of resources, and in particular to official development assistance. The developing countries hoped that that intention would be translated into concrete action within the framework of the United Nations.

64. In 1982, for the first time in 50 years, gross national product had declined in Latin America. Only a serious and concerted effort by the international community could reverse that process. UNDP programmes could help to alleviate the critical situation in the region.

65. Although Mexico was engaged in a stringent programme of economic adjustment, it had made an effort to increase its contribution to UNDP by 20 per cent in Mexican currency. That was a very significant increase, in view of the net reductions in the federal budget and the increase in external financial commitments due to changes in exchange rates. The 45 per cent reduction in UNDP resources had affected his country at a particularly bad time. Mexico had sought, however, to obtain the best return on the available resources. The recently launched national development plan called for priority-setting and would promote more rational use of external resources.

66. On the basis of the experience it had gained in recent years, Mexico had designed a national system to evaluate and execute its UNDP programmes in...
co-ordination with other bilateral and multilateral programmes. His Government hoped that such an innovation would in time help to improve technical co-operation at the regional and international levels. It also hoped that the efforts of the developing countries would meet with a better response from the developed countries.

67. In the Budgetary and Finance Committee, his delegation had advocated rationalization of expenditure and investments. The Governing Council should analyse the cost-effectiveness of intersessional meetings or any other meetings to be convened in the future, in order to decide whether they should in fact be held.

68. Evaluation functions were very important, especially with reference to the impact of programmes on living conditions. Mexico firmly believed that project evaluation should be carried out by the beneficiary countries themselves, which might otherwise be subjected to dangerous interference.

69. There was a need to strengthen the means of publicizing UNDP, in order to give its programmes greater impact. There should be a roster of experts and consultants from developing countries, as well as more comprehensive and timely documentation.

70. Mexico was prepared to contribute the equivalent of $1 million to the United Nations Financing System for Science and Technology for Development. It appealed to the developed countries to give their unconditional support to the Financing System. Mexico attached the greatest importance to the strengthening of the capability of developing countries to expand technical and economic co-operation among themselves.

71. The possibilities for UNDP action at the regional level were immense. Links with regional intergovernmental organizations should be developed with a view to better co-ordination. In times of crisis, pooling of efforts and solidarity at all levels were essential.

72. The international community had to prove that it could find a way out of the most acute economic crisis of the past 50 years. It must appreciate anew the value of multilateral political action. All countries, particularly the most developed countries, had an opportunity to use their imagination in the effort to maintain and strengthen the institutions they had established.

73. Mr. Ayari (Arab-African Development Bank) said that the partnership between UNDP and the Arab-African Development Bank had proved very beneficial to both parties. Over the past few years, they had co-operated closely in various activities in Africa. They had been involved in formulating projects and in carrying out project feasibility studies. They had also been involved in organizing the 1982 roundtable meeting for African countries, the results of which would certainly benefit a number of ongoing development programmes.

74. UNDP was also playing an important role in technical co-operation activities in conjunction with the Bank. Several projects in that field had been formulated with UNDP assistance. Since it was represented in so many countries, UNDP was in
an excellent position to co-ordinate bilateral and multilateral aid. It should certainly develop that co-ordinating function, with special reference to the poorest countries.

75. As to the future, the partnership between UNDP and the Bank might proceed along four main lines. As far as technical co-operation was concerned, it might be useful for the Bank to draw on UNDP's logistical support even more than in the past. Another important task would be to determine which countries or sectors should be the priority targets of development programmes. The United Nations system had the means to forecast coming trends and focus the attention of donors on target countries or sectors. The third area was that of co-ordination. Too often, aid from the United Nations and the World Bank was not sufficiently programmed or structured. It was therefore hoped that UNDP would be able to continue performing its basic co-ordinating function. Finally, UNDP should continue its involvement in project feasibility studies.

76. Such activities could serve to mobilize financial resources. They would be a means of encouraging the diversification of UNDP's sources of financing. There should be more focus on UNDP's role as a champion of South-South co-operation. Regional or subregional activities could often be more productive than activities at the global level, where the problems tended to be greater. The strength of UNDP action in the future might therefore lie in co-operation at the regional and subregional levels.

77. Mr. BI Jilong (Under-Secretary-General for Technical Co-operation for Development) said that the financial situation affecting the developing countries, which also affected the Department of Technical Co-operation for Development (DTCD) as the second largest UNDP executing agency, entailed a reduced level of international technical co-operation at a time when it was most needed. While the recommendations of the Intersessional Committee of the Whole represented a significant contribution to alleviating the difficulties faced by the developing countries, much still remained to be done and the time had come to take stock of the situation and make some difficult decisions. The difficulties encountered in identifying the causes of the present decline in resources for technical co-operation must not act as a distraction from the need to agree on appropriate action.

78. The present financial crisis should not be allowed to jeopardize the technical co-operation programmes carried out by the United Nations system or to impair the system's ability to carry out such programmes, but should rather be used to point up the need for the optimal use of scarce resources and the streamlining of the operational activities of the system. The call for streamlined and coherent action could also bring renewed vigour and dynamism to the system and, through the concerted efforts of Governments, legislative bodies, funding organizations and technical agencies, the system could meet the challenge.

79. The critical role of technical co-operation in helping the developing countries to manage their national resources, both physical and human, so as to
achieve self-reliance in their own development was readily acknowledged, and the urgent need to support the development of institutional and physical infrastructure at the national level warranted particular attention. A continuing neglect of human and institutional infrastructures precluded all possibility of growth, either economic or social. If the institutional capabilities were not available or were not sufficiently established to supervise resource mobilization and capital investment, there could be no assurance that such investment would be used efficiently and yield the expected return. The experience of DTCD left no doubt that many such problems stemmed from inadequacies in human or institutional resources and infrastructure.

80. DTCD had implemented projects in the field of physical infrastructure and in institutional and human resource development, and its energy programmes had led to major follow-up investment in many developing countries. The importance of increased technical co-operation in such critical areas had been confirmed by the findings of the country programming missions and the mineral and energy assessment missions carried out by DTCD at the request of developing countries. Calls for such increased assistance, a recurring theme in the deliberations of intergovernmental and national bodies, had not so far resulted in providing the necessary resources. The means must be made available to meet the needs of developing countries for institutional development, manpower development and the development of natural resources and energy.

81. The severe financial difficulties faced by the developing countries had impelled them to give first priority to matters of economic crisis management, such as management of the external sector, renegotiation of foreign debts and structural adjustment. The demands of social and physical infrastructure development, which required a longer time frame, must nevertheless be heeded. That time frame and the need for sustained effort required an equally sustained flow of funds if the developing countries were to become self-sufficient in meeting their human resource development and institutional requirements.

82. Governments should, ideally, allocate their IPF resources to meet the needs identified in their development plans in accordance with national priorities. But the decline, in real terms, of the Programme forced them to use such resources for the most pressing emergency needs, making it difficult to ensure that sufficient funds were set aside to finance the long-term effort required to establish national infrastructure. Furthermore, the functioning of an infrastructure suited to specific national circumstances and the training of the staff needed to render the machinery of government truly self-reliant often demanded action over a period of time longer than the five-year programming cycle.

83. The present situation called for special measures on the part of the international community, and it was in the common interest to ensure the existence of the prerequisites for economic and social growth. The earmarking of additional resources for that purpose, channelled through the United Nations system, would be a major step forward. The Council might also seek to introduce new collaborative arrangements with bilateral donors to that end, while making sure that the multilateral character of international technical co-operation was not compromised.
84. It was necessary, given the present financial situation, to reiterate the need to preserve the capacity of the United Nations system to deliver technical co-operation programmes and to respond to the needs of developing countries. He associated himself with the plea of the Administrator that the unique network of UNDP field offices, which also served DTCD, should not be jeopardized in the interest of short-term but ultimately costly economies. DTCD would be particularly affected because, unlike other agencies of the United Nations system, which had access to considerable amounts of regular programme financing and sizeable trust funds, it depended for nearly all of its technical co-operation activities on UNDP and UNFPA funding.

85. DTCD had made serious efforts to streamline and reorganize its administrative services in order to accomplish more with less. There was, however, a critical mass below which economies of scale ceased to exist and it would no longer be possible to provide effective services over the same wide range of highly specialized fields.

86. While the overall situation might seem bleak, the growing acceptance of the need for a streamlined and more coherent system might provide a rare opportunity to make the required adjustment. For example, a number of organizations in the system had been established in accordance with the principle of a clear demarcation between organizations responsible for technical co-operation and pre-investment activities, on the one hand, and those dispensing capital and financial assistance, on the other. There was today greater co-ordination of effort among organizations extending the two forms of assistance, and that would become an important contributing factor in allowing a more effective response to development needs. At the same time, it was most important that the way in which that co-operation was carried out should not blur the essentially different vocations of funding and executing agencies within the system. Duplication of existing operational and technical capacities should be avoided through an adequate division of labour between the two types of agency.

87. DTCD believed that the greater reliance by multilateral and regional banks on those organizations of the system which had not only the mandate for, but also the expertise and experience in, specialized aspects of technical co-operation, in accordance with the principle of partnership, would lead to more positive results and reduce the drain on scarce resources. It had been encouraged in that respect by Council decision 82/19 endorsing the Department's efforts to make maximum use of its capabilities for the benefit of the developing countries. DTCD could provide more technical and managerial support in a number of important areas in which it had developed a highly specialized capability.

88. DTCD might become involved in a number of projects only partially funded by national IPF funds, with the remaining funds to be provided as cost-sharing, financed from loans made by development banks. Although much of that funding had been negotiated directly, it was being channelled, at the Department's request, through UNDP in line with the traditionally close relationship between the two organizations and with UNDP's funding role. DTCD considered that such examples of
member countries' using the proceeds of international loans to support technical co-operation projects executed by an international executing agency represented recognition and acceptance of the important role of the United Nations system as a whole. It was a step in the right direction which DTCD would be gratified to see other Governments take; for maximum advantage was thus derived from the expanding technical co-operation loans extended by the development banks.

89. There was also a need for a better response to requests from developing countries for assistance in data collection, demographic analysis and overall formulation of population policies. The World Population Plan of Action adopted by the 1974 Bucharest Conference had called for greater effort along those lines and Member States, recently reviewing the preparations for the 1984 Population Conference, had again endorsed an integrated approach to population issues. DTCD therefore hoped that those priorities could be implemented through the provision of adequate funding to UNFPA.

90. Increasing attention to cost-effectiveness and evaluation was another important force in improving the effectiveness and efficiency of the operational activities of the United Nations system. With regard to the recommendations of the Intersessional Committee of the Whole concerning evaluation, DTCD associated itself with those who urged renewed efforts, through careful and continuous monitoring of projects as well as regular in-depth evaluations, in order to improve the quality of technical co-operation and ensure its greater relevance to the needs of developing countries. DTCD had been collaborating with UNDP to improve project design and project document formulation, which was the basis for effective monitoring and measurement of progress achieved. It intended to pursue those measures in order to improve further the quality of project reporting, to ensure effective feedback and corrective action during the life of the project itself and to support developing countries in making use of project achievements after project completion.

91. New modalities of technical co-operation and new arrangements to respond to specific needs at differing levels of development in recipient countries must also figure prominently in the call for greater efficiency of operational activities. In the case of projects executed by Governments, DTCD had repeatedly drawn attention to the need of recipient countries to have ready access to the technical resources available within the system. The transfer of technological know-how, and consequently the achievement of self-reliance, were thereby encouraged and fostered. For projects executed by agencies, new modalities implied a greater mobilization of national capabilities, including recruitment of national experts, selection of local sub-contractors, reliance on training facilities at the national and regional level and greater use of short-term experts and consultants. In that connection, DTCD viewed the promotion of technical co-operation among developing countries as one of the most promising avenues for organizations of the system to increase the self-reliance of developing countries. It called for maximum efforts to devise imaginative and innovative approaches in collaborating with Member States.
92. Vigilant attention was required of all partners of the system to ensure the continuing responsiveness of international technical co-operation to the changing needs of developing countries, in both the traditional and the new and emerging technological fields. The Council had considerable scope for positive action to give renewed momentum to the unique instrument for development which was the United Nations system, with its complex network of relationships and distinct but complementary roles. DTCD stood ready to implement the policies determined by the Council, to collaborate with UNDP and other members of the system in that venture, and to make every contribution possible in terms of its technical expertise, operational capabilities and hard-won experience. The requisite resources must, however, be made available as a matter of urgency if a significant contribution was to be made to the economic and social growth of Member States.

The meeting rose at 1.10 p.m.