GOVERNING COUNCIL

Thirtieth session

SUMMARY RECORD OF THE 15th MEETING

Held at Headquarters, New York, on Thursday, 9 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)

1. Mr. CUBILLOS (Director, Office of the Director-General for Development and International Economic Co-operation) said that the world economy was passing through an acute crisis, particularly for developing countries, where the real rate of per capita income had declined for the past two years. Although signs of recovery were apparent, there was serious doubt as to its durability. Major long-term challenges confronted the international community: continued population growth, hundreds of millions suffering from malnutrition and unemployment, and the problems of structural adjustment. As the Secretary-General had said in his statement to the sixth session of UNCTAD, now meeting in Belgrade, the only answer to those challenges lay in a high level of growth in the world economy, including a vigorous pace of development in the third world. Yet multilateral co-operation, a necessity in time of adversity, was in serious jeopardy. It was to be hoped that the Governing Council could forge a consensus on issues of major concern to developing countries.

2. There had been growing recognition of the important contribution made by technical co-operation to economic and social development. The increasing share of official development assistance allocated to technical co-operation by development banks and aid agencies confirmed the importance of human resources development, institution-building and the transfer of know-how.

3. The United Nations system had played a pioneering role in that endeavour, with the Governing Council acting as a catalyst in introducing new approaches to multilateral technical co-operation. In particular, the consensus of 1970 had established the sovereign right of developing countries to make their own choices based on their own development objectives and priorities regarding the allocation of UNDP resources placed at their disposal. In order to promote the new international economic order, multilateral technical co-operation should aim exclusively at the national and collective self-reliance of developing countries. The challenge before the Council was to fashion new ways and means of ensuring the growth of UNDP in an environment that might profoundly affect the future of the United Nations system's operational activities.

4. There was no doubt that UNDP's essential attributes had stood the test of time. The Programme sought to ensure the equitable distribution of resources among all developing countries and, through its country programming, the allocation of funds to sectors reflecting host Government priorities. UNDP was efficient, and it had benefited from its collaboration with the specialized agencies. Small contributions from UNDP often induced developing countries themselves and other sources of aid to provide complementary resources. As the Administrator had said in his opening statement, UNDP was constantly searching to ensure its relevance and to enhance its efficiency and effectiveness. It symbolized the desire of the
international community to fashion forms of international co-operation for
development that contributed to the restructuring of economic relations on the
basis of justice and equity.

5. It was self-evident, however, that UNDP's crucial role could only be carried
out if it had sufficient resources. Member States had demonstrated their support
for UNDP in other international forums. The Director-General for Development and
International Economic Co-operation continued to pledge his full support to the
efforts of the Administrator in seeking to maintain, as a minimum objective, the
real value of contributions. The amount UNDP sought was insignificant compared to
the growth in armaments expenditure.

6. Three issues remained outstanding: the need to place UNDP's resources on a
firmer basis by reconciling the system of annual pledges with five-year plans; the
need to insulate resource inflows and outflows from unforeseen exchange rate
fluctuations; and the search for a more equitable sharing of the costs of financing
UNDP among all Member States. Difficult though those issues were, the future
funding of UNDP could not be assured unless they were resolved.

7. Measures to promote resource mobilization should be pursued in parallel with
measures to improve the efficiency and effectiveness of UNDP operations. There was
public disenchantment with aid. While aid was not a panacea for the problems faced
by developing countries, there was no doubt of its significant contribution to
development. Resources were not being wasted, but further improvements in
efficiency and in publicizing costs and results could and should be made in a
system as complex as that of the United Nations. The measures proposed by the
Administrator, including those designed to promote a better understanding of UNDP's
role and activities and the establishment of a central evaluation unit, were worthy
of strong support and speedy implementation.

8. Collaboration among the organizations of the system at the country level
remained good. The system of resident co-ordinators had been established and ACC
was encouraging a pragmatic and flexible approach to interagency co-ordination at
the country level and had also decided to assist Governments, at their request, in
co-ordinating assistance and to promote collaboration between the United Nations
system and other aid agencies.

9. Co-operation between UNDP and the Office of the Director-General involved many
of the issues before the Council, including in particular the Substantial New
Programme of Action for the 1980s for the Least Developed Countries, the
establishment of the United Nations Financing System for Science and Technology for
Development and the implementation of the Nairobi Programme of Action for the
Development and Utilization of New and Renewable Sources of Energy. Finally, the
deliberations of the Council would undoubtedly be of material assistance to the
Economic and Social Council and the General Assembly when they conducted the
comprehensive policy review of operational activities for development later in the
year.
10. Mr. ODAKA (Observer for Uganda) said that there had recently been a number of important international meetings, the common concern of which had been the plight of developing countries and how to improve their economic situation. The economic issues highlighted at the conference of non-aligned countries in New Delhi were the spirit of dialogue between the developed and developing countries, the urgent need for a conference to address international financial and monetary reforms, and the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries. Uganda fully endorsed that position.

11. The question of mobilizing increased resources for UNDP on an increasingly predictable, continuous and assured basis was still before the Council. Field programmes expenditures for 1982 had been 10 per cent below the 1981 level, while delivery under indicative planning figures had been almost $200 million below the level planned for the year. The developed countries and major donors undoubtedly appreciated the positive role UNDP played in the transfer of resources to the developing countries. Signs that more resources had become available provided an opportune occasion to consider how that momentum could best be sustained and increased in future years. Uganda noted with interest the collective concern of the seven leaders of the developed market economy countries at their recent meeting in Williamsburg.

12. He had had the impression from the last session of the Council that it was difficult for major donors to commit themselves to a system of periodically replenishing UNDP resources. Yet if future crisis were to be avoided, long-term financing measures had to be undertaken. His delegation supported the recommendations of the Intersessional Committee of the Whole regarding UNDP's short-term and long-term financing mechanisms.

13. It was gratifying that UNDP had taken steps to save funds, such as the freeze on recruitment, although it was to be hoped that the effectiveness of the Programme would not be adversely affected. He believed that the policy of increased government participation was also aimed at reducing costs. In addition, UNDP might consider recruiting volunteers.

14. It was in the Programme's interest to heed the positive criticisms that had been made regarding its effectiveness. For example, the amount of paperwork and the number of visiting missions before projects were implemented had the effect of reducing the resources available for disbursement on the projects themselves. It would be preferable to strengthen the UNDP field offices and give the field staff sufficient authority to work out programmes with host countries.

15. Uganda's second country programme was before the Council for consideration and approval. As a least developed and land-locked country, Uganda faced enormous problems and had made repeated appeals for an increase in its IPF from the level of $59.5 million. It was a matter of deep regret to his Government that its programmable IPF for the period 1982-1986 had instead been reduced to $28.5 million. The failure by UNDP to respond to Uganda's request highlighted the urgent need for an increase in the Programme's resources.
16. UNDP aid was needed in Uganda to support the country's recovery programme and to provide a basis for its national development plan. His Government appreciated the support received from the staff of UNDP and the aid given by various donor countries and international institutions.

17. Mr. McPherson (United States of America) said that the success of the Administrator and staff of UNDP in running a well-managed development agency testified to its value.

18. The economic recovery which seemed to be under way would lead to growth in domestic economies and in international markets, thus increasing demand for the goods produced by developing countries and offering greater opportunities for private investment in those countries, which would in turn promote economic growth. However, there should be no expectations of the kind of growth which had taken place in the 1970s. There had been profound structural changes in the world economy, which would necessitate a reassessment by Governments of their respective development strategies.

19. Constraints on development had not changed over the years. In developing countries there was a gulf between desired and attainable rates of growth, given the resources available. There was thus a need for more prudent economic management and greater efficiency and productivity. The awareness of such considerations had been reflected in the concern to reduce budget deficits and inflation, which, in the developed countries, had affected the amount of official development assistance available. Nevertheless, United States bilateral aid had increased every year under the present Administration.

20. The question how resources could best be used was complicated by the diversity of developing countries. There was, for example, a marked contrast between the newly industrialized countries and the least developed countries, which had very different problems. Regional differences also affected the problems faced by different countries. It was clear that development in many countries had now reached a stage where choices had to be made between various priorities, more so than in the past, when so much more had needed to be done. In addition, the developing countries were not isolated but formed an integrated part of the world economy with respect, for example, to the supply of goods in the markets of the developed countries. The key lay in improving efficiency and taking advantage of opportunities. There was a need to pay more attention to technical assistance and to the development of human resources in developing countries, rather than to capital aid. His Government believed that the former produced a higher rate of return.

21. The promotion of economic stability was an important consideration in the provision of aid, as was careful management. For example, the scourge of infant diarrhoea, which was responsible for the death of some 5 million children each year in developing countries, could be tackled by oral rehydration programmes, which could fairly rapidly halve the mortality rate. Another critical area was that of population control.
22. Domestic policies played an essential part in the success of development efforts. Many of the problems of developing countries had been created by government policies which had produced economic distortions and disincentives. Any assistance given by external donors must be matched by effective action on the part of the recipient countries themselves. In some countries, there were elements of discrimination against the poorest members of society. Although the income of the urban population tended to be higher than that of farmers, the prices paid to the latter for their produce were sometimes kept low for the benefit of the urban population. That practice could hardly be reconciled with the calls for reforms to help the poor. Again, in some countries, foreign exchange rates served to encourage imports, mainly for the benefit of the middle class and the upper class, but did little to promote exports or employment in export-oriented industries. It was politically difficult to institute major policy changes in some countries. The international community must face that fact and balance the political problem against the real situation of mass discrimination. His Government did not believe, however, that discrimination against the poor should be used by donors as an excuse for reducing their assistance.

23. Evaluation was a critical tool in the project design process. No one could afford to ignore any of the lessons of the past. While evaluation was not always a comfortable exercise, it was useful when judgements regarding strategies and approaches were being made.

24. The Governing Council's 1983 policy review was focusing on measures to mobilize increased resources for UNDP on an increasingly predictable, continuous and assured basis. His delegation agreed that the results achieved by the Intersessional Committee of the Whole were modest but significant. The Committee's conclusions and recommendations represented a logical and necessary package of proposals. The question of resources had been linked to the question of the appropriateness and effectiveness of UNDP activities. His delegation supported the recommendation that a Programme Committee should be established and approved the Administrator's decision to set up a central evaluation unit.

25. His Government would make annual pledges to the Programme at the maximum level possible under current conditions. Administrative and legislative factors made it reluctant to suggest in any one year the level of its contributions for the next two years. It could not commit itself to maintaining the real value of contributions made in previous years. The United States remained ready to co-operate fully with the Governing Council and the Administrator in identifying realistic levels for programming. It hoped that the informal consultations on the Intergovernmental Committee's report would be an ongoing exercise. It would continue to take a lead role in strengthening UNDP and to be the leading financial supporter of the Programme.

26. Mr. ZATANOV (Bulgaria) said that the thirtieth session of the Governing Council was being held at a time when the international situation had entered a tense and complex phase. The forces of reaction were seeking to reverse the process of détente and peaceful coexistence by stepping up the conventional and
nuclear arms race. Nothing was more important to the peoples of the world than the
maintenance of peace, the preservation of détente and the achievement of
disarmament. Mindful of the clear interrelationship between those goals and the
promotion of international co-operation, Bulgaria had supported and would continue
to support efforts to maintain peace and détente. In that spirit, the States
parties to the Warsaw Treaty had declared that the international situation, despite
its current complexity, could be normalized. They had called for immediate action
to curb the arms race and move towards disarmament.

27. Technical co-operation by the United Nations system was playing an
increasingly significant part in promoting multilateral co-operation irrespective
of the social systems of States. UNDP's central role in that process was
especially important. The Administrator had reviewed the progress made in the
developing countries during the past three decades. That impressive record
confirmed the value of the United Nations technical co-operation system. Although
the achievements were largely due to the efforts of the developing countries in
mobilizing their human and other resources, they would have been impossible without
the assistance those countries had received. UNDP was to be commended for its
success in co-ordinating assistance projects and responding to the changing needs
of the recipient countries.

28. For the second time, UNDP was experiencing serious financial difficulties.
The third programming cycle was in deep crisis. In 1982, the Programme had found
it particularly difficult to carry out its activities. Severe cuts in expenditure
had affected programme delivery. The Administrator had already outlined the main
causes of the crisis. It was clear that the budgetary problems of the developed
countries had had an impact on UNDP. It was also clear that, at a time when the
plight of the developing countries was foremost in the minds of all and when
financial resources were scarce, enormous amounts were being spent on arms. As the
Administrator had noted, the sums spent on armaments in less than a day would
support all of UNDP's indicative resource requirements for more than a year
(DP/1983/6, para. 55). It was undeniable that there had been a sharp decline in
voluntary contributions to the Programme.

29. UNDP itself must also make a determined effort to correct certain
shortcomings. The large amounts spent on experts and consultants did not appear
justified. UNDP and the recipient countries themselves should do more to reduce
administrative costs, especially as it was currently possible to finance only some
of the country activities already planned. As far as UNDP projects in Bulgaria
were concerned, his Government was doing its utmost to keep administrative and
other costs down.

30. As to measures to mobilize increased resources for UNDP on an increasingly
predictable, continuous and assured basis, his delegation fully agreed with the
Administrator that the Programme's resource base had to be improved. The resource
crisis was not due to deficiencies in the existing financial machinery, which had
already proved itself. Changing that machinery would not, therefore, solve the
problem.
31. No consensus had been reached regarding the Administrator's alternative proposals for long-term financing. The methods used by other organizations to increase resources were not suited to UNDP. Success would largely depend on respect for the basic principle of the universal and voluntary nature of the Programme. The 1970 consensus must be strictly adhered to. His Government could support the proposal that States should make firm pledges to the Programme for one year and at the same time give an indication of their contributions for following years, subject to parliamentary approval.

32. Bulgaria had met the 14 per cent target for increases in annual contributions and would seek to maintain that record. It was essential, however, that the resources should be used efficiently. His Government had already adopted measures to that end: it had an agreement with the national airline to pay in national currency for travel within Bulgaria of UNDP representatives and experts, and 25 per cent of the emoluments of experts working in Bulgaria was paid in national currency. His Government had also put forward a plan to use Bulgarian currency to pay for services and supplies related to UNDP projects. It had established a special account for such expenditure. There was no clear indication that executing agencies as a whole were taking similar steps, and it was difficult to explain why executing agencies were so often selected from a narrow group of countries. That practice limited the chances of reducing expenditure.

33. The Intersessional Committee of the Whole had discussed the strengthening of the role of the Governing Council and participating Governments in programme planning and programme review. Instead of establishing new organs, the Council should seek to reorganize its sessions in order to allow more time for programme-related issues. The establishment of a Programme Committee would not be useful.

34. As to evaluation, although the tripartite reviews and the existing evaluation system as a whole could be broadened, they were satisfactory. There was no need for a central evaluation unit, especially in view of the current financial situation. The focus should be on improved programme planning and on measures to enhance effectiveness. Proper use should be made of the existing resources, and the recipient countries should be actively involved in evaluation.

35. UNDP should not take over the management of World Bank technical co-operation programmes. That might turn UNDP into a commercial type of enterprise. His delegation also feared that the central role of UNDP might be eroded if it began managing activities that were financed on a bilateral basis.

36. Bulgaria fully supported UNDP's multilateral programmes of technical co-operation. It participated actively in such programmes and was grateful for all the assistance it had received from UNDP.

37. Mr. GÖKÇE (Turkey) said that "economic recovery" was currently on the agenda of almost every country, irrespective of level of development or economic and social system. The world economy had been plagued by a number of structural
difficulties since the early 1970s. Many countries had experienced either zero or negative growth during that period.

38. In that bleak picture, there were, however, some early signs of improvement. Success in controlling inflation had encouraged some Governments to relax tight monetary policies. The rate of real interest was on the decrease, although not sufficiently. The fall in oil prices was expected to contribute to the recovery. Bilateral negotiations on trade disputes had helped to alleviate the threat of a trade war.

39. The stagnation in international assistance on concessional terms which had accompanied the global recession had greatly compounded the problems of the developing countries, particularly the low-income countries. It would take a vigorous and sustained international effort to help the developing countries to move forward again towards accelerating growth and eliminating poverty. It was in the interest of the industrialized nations that such an effort should be made. Global economic recovery would not be achieved solely through the recovery of the industrialized countries; the economic potential of the developing countries would have to be utilized as well. The industrialized world had everything to gain from economic growth in the developing world; it had much to lose from stagnation and decline there.

40. The efforts of the developing countries themselves and international development assistance would be crucial to success. The developing countries must be helped to help themselves. In that respect, it seemed that, since the 1950s, the developing countries in general had fared relatively well and had sustained an acceptable level of growth. While the credit must go primarily to the developing countries, which had marshalled the overwhelming proportion of the human and material investments required for progress, it should not be forgotten that official development assistance had in principle been the main contributing factor, serving as a catalyst in enabling the developing countries to achieve economic progress. Through ODA, with the emphasis shifting from technical assistance to capital assistance, the developing countries had been able to strengthen their physical infrastructures. Later, food aid, humanitarian assistance and, most recently, adjustment assistance had become important features of the ODA effort.

41. Equally important were the operational activities of the United Nations system, which currently provided about 15 per cent of the total official development assistance received by developing countries. Such activities embraced all economic and social sectors and focused on the least developed and other low-income countries; they sought to respond to the plans and priorities of the developing countries through specially designed programmes and services.

42. UNDP provided 50 per cent of the funding for technical co-operation within the system. The importance of technical co-operation in achieving economic development was quite significant. The transfer of financial resources for investment purposes alone was not sufficient. Success primarily depended on the development of the necessary human resources and the capacity for institution-building and economic
management. While the supply of capital might vary and equipment might become obsolete, the basic technical knowledge and skills possessed by human beings endured and multiplied. Improving the conditions of those essential factors of economic growth was a prime objective of technical co-operation.

43. There was evidence that the flow of voluntary contributions to the United Nations system for operational activities was stagnating in real terms. There was also the danger that, if the current trend continued, resources made available to the system would fall short of the targets established by the relevant inter-governmental bodies. The results of the United Nations Pledging Conference for Development Activities held in 1982 confirmed that disturbing outlook. UNDP had been particularly affected. For the first time in history, contributions to the Programme in 1981 had actually declined by 6 per cent in nominal terms. Field programme expenditures for 1982 had been 10 per cent below the level attained in 1981. The whole situation had drastically affected all the developing countries participating in UNDP programmes and had led to cuts in those programmes and the deceleration of development efforts.

44. In that respect, the work of the Intersessional Committee of the Whole was of particular significance. The Committee's deliberations had afforded an opportunity to detect a growing tendency towards the weakening of UNDP's central funding role. Despite the increasing recognition of the vital importance of technical co-operation, it was not UNDP that was asked to deliver the programmes. The emphasis had shifted towards multilateral development banks and other bodies for technical co-operation financing. UNDP had been unable to grow as quickly as other major multilateral institutions, and its position as the central funding agency for technical co-operation in the United Nations system had been significantly eroded. There seemed to be certain weaknesses inherent in UNDP programmes, weaknesses which were not necessarily based on the inadequacy of resources. UNDP must be able to detect and correct those weaknesses. In that connection, serious consideration should be given to the establishment of an evaluation unit and a Programme Committee.

45. UNDP's financial system was another area which the Intersessional Committee had examined. The vulnerability of UNDP, which planned on a five-year basis and received its pledges on an annual basis, was all too evident. If the Governing Council believed that ways should be found to mobilize increased resources for UNDP on an increasingly predictable, continuous and assured basis, it would have to give serious consideration to the Committee's recommendations on that very issue as a modest first step in strengthening the long-term resource and planning base of UNDP.

46. His delegation agreed with the Administrator that, where the General Assembly approved the establishment of new separate global funds for development, those funds should to the extent possible, in the interest of administrative economy and co-ordinated programming, be entrusted to UNDP for management and administration. His delegation also fully supported the initiatives taken by UNDP in strengthening its co-operation with the World Bank in relation to the increased technical assistance lending now provided by the World Bank Group.
47. It could not be denied that capital formation and capital investment played a significant role in the economic development process. The ratio of technical co-operation to capital assistance in development was of critical importance, since that ratio determined to what extent the developing country was capable of absorbing the economic assistance it received.

48. Inadequacies in human or institutional resources impeded development. It was for that reason that his delegation supported technical co-operation efforts. In the same spirit, it considered UNDP activities to be an essential component of economic development.

49. The developing countries should pool their resources, complement their individual potentialities and enlarge the scope of their efforts towards economic development. To that end, there was a need to explore the borderlines of co-operation among developing countries at different levels: among the developing countries as a whole; among countries of the same region; among countries having similar levels of development and similar problems; and among countries having complementary products to exchange.

50. Technical co-operation among developing countries (TCDC), in conjunction with economic co-operation at the regional and interregional levels, was essential to the establishment of higher levels of collective self-reliance for the economies of the developing countries. For that reason, TCDC had been reaffirmed as one of the important instruments for the realization of the objectives of the Third United Nations Development Decade. The supportive and catalytic role of the United Nations development system should be further enhanced. His delegation supported the integration of the TCDC theme into the regular meetings of the Governing Council.

51. Turkey had always shown a keen interest in economic integration and in the co-operative activities of the developing countries. It was actively engaged in activities undertaken within the framework of the comprehensive plan of action for economic and technical co-operation among Islamic countries. Under the TOKTEN scheme initiated in Turkey six years earlier, expatriate nationals were brought back to their country of origin for short consultancies on an honorary basis. That scheme had gained momentum and had catalysed similar programmes in a dozen other developing countries. Such innovative measures were more and more necessary.

52. The need to meet the increasing requests of developing countries for assistance in data collection, demographic analysis and overall formulation of population policies was another area which deserved attention. His delegation hoped that priority programmes in that area could be implemented through adequate funding for UNFPA. Turkey had participated in the UNFPA world fertility survey programme. It believed that no survey could stand by itself and that continued technical assistance in that field was needed.
53. Turkey attached importance to the United Nations Volunteers programme, which could provide an opportunity for the exchange of invaluable technical information based on first-hand experience acquired in development activities. Turkey had been actively involved in the programme.

54. His Government hoped that the high-level seminar to be held at Istanbul at the end of August 1983 would stimulate a better understanding of development problems and generate new ideas regarding possible solutions to those problems on an international scale.

55. The issues confronting the development process in the 1980s affected all development efforts. The time had surely come for a new understanding, based on the hard-won lessons of experience and the basic realities of the development process. A renewed sense of discipline and determination could prompt movement in the right direction, for the benefit of all.

56. The Williamsburg Declaration had left the impression that the leaders of the industrialized market economies had collectively reached a state of concern about the recovery of the developing countries and were strongly inclined to give special attention to the flow of resources to those countries. It seemed that problems of trade, debt, finance and official development assistance were closely intertwined in the minds of world leaders and that the prospects for the developing world were seen as inextricably linked to the recovery of the world economy at large. Those who had created the community of nations had realized that prosperity and lasting peace could be achieved through a commitment to international co-operation for the common good. The same enlightened commitment was again needed. It was to be hoped that the Williamsburg summit had served precisely that purpose.

57. He reaffirmed his Government's continued commitment to UNDP activities and its unconditional support for any substantial solutions that might emerge at the thirtieth session of the Council.

58. Mr. LA ROCCA (Italy) said that the past year had been a difficult one for the world economy, and in particular for the developing countries, for multilateral assistance and for UNDP. Field programme expenditures for 1982 had once again been below the level attained in previous years. Although resources for 1983 had shown small but significant signs of improvement, the resources target set for the third development co-operation cycle appeared now to be even more unrealistic than it had in the past.

59. While the conclusions and recommendations presented in the report of the Intersessional Committee of the Whole (DP/1983/5) seemed to be modest, they still represented a first step in the right direction. However, the Committee had concentrated its attention on possible changes in short-term and long-term financing mechanisms that not only seemed to be impractical but, even if applied, would not in all circumstances lead to a more assured flow of resources. It was undeniable that the existing financing mechanism based on voluntary contributions had served UNDP well during the 1970s, when favourable economic conditions had...
prevailed and before the erosion of the central funding role of UNDP had begun. It was also true that financing mechanisms based on replenishment schemes and multiyear pledging had not ensured a satisfactory level of resources for other development organizations. His delegation did not believe, therefore, that the recommendations of the Committee on the longer-term financing of UNDP could make any major contribution towards solving the problem.

60. Nevertheless, because of the serious impact that the shortfall in UNDP resources was already having on developing countries, his delegation could agree with the Committee's conclusions relating to the short-term financing situation and with its appeal, to which the Governments of Canada, Norway, Sweden and Switzerland had already responded, for additional resources in the current year. He was pleased to announce an additional pledge of 3,370 million lire, or about $2 million, from the Italian Government to UNDP general resources for 1983 and hoped that other Governments would join in the "one-time" extraordinary effort.

61. Such supplementary contributions could only prove beneficial if at the same time a start was made on exploring the real causes of the problems affecting UNDP, and thus beginning the search for appropriate remedies. The Intersessional Committee had been very reticent on such vital issues. While its proposals regarding the strengthening of the role of the Governing Council in programme planning and review and the improvement of evaluation were modest, his delegation could support them as a first small step in the right direction.

62. His delegation fully agreed with the statement by the Administrator, in his report for 1982 (DP/1983/6), that whatever the ultimate results of the Intersessional Committee's work might be, the time had clearly come to take an analytical look at the broader issues confronting the development process generally. Issues affecting UNDP could not be examined separately from the broader context of development assistance.

63. In order to examine the causes of the present situation and search for future remedies, the present role of UNDP in technical assistance must first be considered, and then its future role. In the early 1970s, UNDP had truly been performing the central role in technical assistance for development, serving as the channel for more than 70 per cent of all such assistance provided by the United Nations system, while World Bank involvement had been marginal. More recently, UNDP had been funding less than 50 per cent of the technical assistance of the United Nations system while World Bank involvement had increased to about $1.5 billion, more than 10 per cent of the Bank's total lending. While there had in fact been an erosion in the central role of UNDP in the United Nations system due to the proliferation of sectoral funds and organizations for development, the increase in World Bank technical assistance activities had represented a recognition of the essential complementarity between capital development and human development.

64. In that context, there were great advantages to be derived from strengthening co-operation between UNDP and the World Bank. His delegation had been pleased to
note from the Administrator's introductory statement that a working party of senior officials of the two organizations had been set up to explore areas for new collaboration and that practical steps were in progress to enhance the role of UNDP in the implementation of the technical assistance components of certain World Bank loans. His delegation invited the Administrator to pursue his effort and to present a detailed report on the progress achieved to the next session of the Governing Council.

65. With regard to the efficiency and effectiveness of UNDP, his delegation noted with satisfaction the efforts made by the Administrator and his staff to improve project design and execution, to limit administrative costs and to maximize programme delivery. It also appreciated the fact that the UNDP biennial budget remained close to zero growth in real or volume terms. On the other hand, it believed that major improvements in UNDP operating procedures were still possible.

66. Very constructive criticisms and suggestions were contained in the report of the Secretary-General on the evaluation of UNDP-financed technical co-operation activities of the United Nations Industrial Development Organization in the field of manufactures (E/AC.51/1983/5 and Add.1). The considerations developed in that report, particularly concerning possible improvements in the functioning of the tripartite system, were of great relevance, and he hoped that they would be taken fully into account by UNDP in its search for managerial improvement. The report also confirmed the vital necessity of high-quality independent evaluation as a prerequisite for improving activities related to project design, project execution and monitoring. His delegation welcomed the Intersessional Committee's recommendation on the creation of an evaluation unit within UNDP as a first step towards the establishment of a sound, independent system of evaluation. The adoption of satisfactory evaluation procedures would facilitate the work of the proposed new Programme Committee and would not only result in an improvement in programme delivery but have positive effects on the availability of resources.

67. Broadening the base of contributions to United Nations-administered channels of multilateral assistance remained a problem, and the lack of adequate support to bodies such as UNDP by industrialized countries of Eastern Europe no longer appeared to be justifiable. Developing countries in a position to do so, particularly the OPEC countries, should increase their support to UNDP and thus demonstrate the interest of all participants in the North-South dialogue in the strengthening of multilateral activities in favour of development within the United Nations framework.

68. Present economic circumstances would not allow much more of the badly needed resources to be placed at the disposal of development action, and in all countries parliaments required that national aid should be carefully scrutinized in terms of efficiency and effectiveness. Geographical priorities were also taken into account. All those factors worked for bilateralism and against the common will to strengthen the United Nations system. Hard work and pragmatism would be required in order to offset those trends and reverse them to the advantage of UNDP. Only such an approach could ensure that the world community, as embodied in the United Nations system, would remain the basis of the entire technical assistance endeavour.
69. The high-level debate at the current session was focused on measures to mobilize increased resources for UNDP. Such a result could be achieved only to the extent to which financial contributions from Governments were diverted from bilateral aid to UNDP. In that respect, his delegation was looking forward to the discussion on the proposals of the Administration with regard to non-core funding. While agreeing with the concern voiced by some delegations for maintaining the multilateral nature of UNDP, his delegation supported those proposals, within such limits as the Council might establish, as an effective and imaginative option to increase UNDP resources.

70. Mr. RINGNALDA (Netherlands) said that the past year had seen a serious reappraisal of the present role and functions of UNDP, and also the emergence of possible new perspectives for the Programme. The period of transition and adaptation to changing circumstances was continuing.

71. The future would show an increasingly close relationship between technical assistance and capital assistance, not because technical assistance was becoming less relevant but because its very success had made it more fully integrated into the overall development effort. Development co-operation, now generally perceived as an interdependent relationship, was gradually becoming, in the field of technical assistance also, a multifaceted partnership in which the partners hoped to find sufficient justification for their mutual interest.

72. The Intersessional Committee of the Whole, while falling a little short of expectations, had nevertheless achieved important results. With regard to the longer-term financing of UNDP, his delegation fully recognized the problems caused by the uncertainty of budget expectations. His Government was also painfully aware that the present resource situation was causing injustice by reducing the implementation of country programmes to 55 per cent of their original indicative size. If indicative planning figures were necessary to allow adequate planning at the country level, reasonably certain indications of what could be expected as contributions during the planning period were equally important.

73. A system of replenishment adapted to UNDP's specific voluntary contribution system would have been the best possible solution to ensure a reasonable degree of continuity and a reasonable level of burden-sharing. In the long term, no system of world-wide development co-operation could be viable if it was not supported by burden-sharing among all the countries in a position to contribute. Moreover, no system of voluntary aid contributions could be really effective if the total volume of aid was not predictable, continuous and assured. Burden-sharing and a predictable, continuous and assured flow of resources were two sides of the same coin.

74. Although his Government regretted that the Intersessional Committee had not recommended the introduction of a replenishment scheme, it would support the proposal for multiyear pledging, since that might ameliorate UNDP's uncertain planning situation. In spite of the criticisms voiced in the course of the general debate, his Government attached great value to the mechanism of consultations which...
was part of the package associated with the same proposal, one of the reasons being that such consultations would keep the issues of replenishment and burden-sharing in focus.

75. Although the concept of UNDP as the central fund for technical assistance had frequently come up in the course of discussions in the Intersessional Committee, the rule of central funding in the strict sense had been violated ever since the inception of UNDP. Institutions such as the United Nations Fund for Population Activities, the United Nations Capital Development Fund, the United Nations Interim Fund for Science and Technology for Development and others had been established for political reasons and the lofty principle of central funding had been bypassed. The role of UNDP as the central fund par excellence should not, moreover, be considered an end in itself. The Jackson report of 1969, the so-called capacity study on which the consensus resolution had been largely based, had intended first and foremost to devise a system that would induce all the development organizations of the United Nations to co-operate in the field by giving UNDP the central funding role. Although the decline in financial means had led to a loosening of control over the agencies, practice had also shown that co-ordination of the United Nations development system was much more complicated than originally perceived.

76. In order to save the credibility of the United Nations system, a solution was required to the problem of co-ordination. One of the causes of unco-operative behaviour should be sought in the inconsistent policies of many agencies and Governments alike. For many years, his country had proposed that UNDP resident representatives should not only co-ordinate the financial inputs from the United Nations system itself, but should also be able to take account of bilateral aid inputs in a particular country. In doing so, it had been considered naive by all those countries whose aid flows were mainly motivated by political considerations or other national interests. While the subjective behaviour of national Governments and international agencies was not very different, agencies, unlike Governments, were supposed to be acting in accordance with prior decisions by Governments. Competing United Nations agencies in the field were not only a flagrant denial of the trust and mandate given to them by Governments but were seriously damaging the image of the United Nations system as a whole in the eyes of the public, on whose support the existence of that system depended. He had been authorized to say that the critical remarks he had made on the disharmonious functioning of the United Nations system in the field would not be confined to the Governing Council alone but would be repeated by his country in the other governing bodies of the agencies.

77. In the discussions on the central funding role of UNDP, the technical assistance programme of the World Bank had also been questioned. However, technical assistance and capital assistance were closely related and even complementary. All too often, projects involving considerable capital investment lay idle as a result of a lack of adequate technical assistance. Moreover, the dividing-line between technical and capital assistance had in many cases become fluid not only in the World Bank but also in UNCDF - in other words, within the domain of UNDP itself.
78. The effectiveness and efficiency of UNDP had been a major concern of the Administrator in recent years, and he should be commended for the painful but unavoidable measures he had taken to reduce his staff at headquarters and in the field. It was to be hoped that the independent evaluation unit would soon be established and, once in full operation, would contribute, as a management tool, to the cost-effectiveness of the organization and also provide the necessary material for a dynamic assessment of the future role of UNDP.

79. However, the future of the Programme also depended on changes in concepts and demands in an ever-changing world. As lead agency in organizing most of the round tables for the least developed countries, UNDP had acquired a new and promising function which highlighted the fact that it was the most suitable multilateral institution to assist those countries in their efforts to plan their development. In preparing a round table, it was again UNDP which was best suited to mobilize bilateral and multilateral resources for the recipient country concerned and, as a result of its field representation, recipient countries as well as donors could be assured that financial resources would be spent in the most effective way. Organizing a round table would also considerably enhance the co-ordinating role of UNDP at the country level. A first impression of those round tables which had taken place was that they had been useful, although they had not yet resulted in substantial contributions from the donor community. Aggressive action by donor countries, recipient countries and UNDP would doubtless lead to the desired result. A process had begun which, when pursued further, would prove that a new dimension had been added to the role and functions of UNDP.

80. Another new practice that would undoubtedly enhance UNDP's co-ordinating role was the establishment of special accounts within the framework of the Programme itself. One example was the energy account, two features of which were worth noting. First of all, there was increasing co-operation in the field of energy between the World Bank, UNDP and recipient countries. It would not be surprising if such co-operation proved to be beneficial for developing countries in other sectors also. The second noteworthy feature was that a policy somewhat different from the traditional one had been followed. If, in the near future, other special accounts were to be established and administered by UNDP, it should not hesitate to attract expertise from outside the Programme if other institutions were more suitable for the job. There should also be no hesitation in attracting funding of various modalities.

81. Another new development which might eventually prove to be of benefit to recipient countries as well as to the United Nations system as a whole was the establishment, referred to by the Administrator in his opening statement, of a working party of senior officials to explore areas for new and enhanced collaboration with the World Bank.

82. It was still unclear how new developments would affect the present role and functions of UNDP. Such developments should be kept under close scrutiny in the coming year, but there should be no reluctance to embark upon new roads if they seemed to be promising, even if that should require the adaptation of the present
system to changed circumstances. In the years ahead, a synthesis would have to be found between the still valid concepts laid down in the consensus and the emerging new means of assistance through which UNDP could fulfil its raison d'être.

83. Mr. KAABACHI (Tunisia) said that the thirtieth session of the Governing Council was being held at a time when the financial situation of UNDP was continuing, despite the appearance of some signs of recovery, to encounter major difficulties. The IPFs of developing countries for the third programming cycle had been reduced to a level of 55 per cent, adversely affecting the execution of projects and programmes. If the signs of recovery were confirmed, that question should be reconsidered in 1984.

84. At a time when the world economic situation remained critical, most perniciously affecting international economic co-operation and in particular the economies of the developing countries, multilateral co-operation had also been severely tested. The volume of development aid had not escaped that trend, either in the case of UNDP or in that of other multilateral institutions. Such erosion had been a source of great concern, since any reduction in that form of co-operation endangered the very concept of interdependence and international solidarity. It was therefore imperative to reverse the trend and strengthen the particular characteristics of a form of co-operation which had proved itself since the inception of the United Nations. In that connection, it was to be hoped that the commitments recently made at the Williamsburg summit would contribute effectively to speeding up the development of the third world.

85. For UNDP, as a central funding and co-ordinating instrument of international technical co-operation, the problems were now particularly severe. UNDP's resource base of voluntary contributions for planning purposes was premised on an expansion at the overall rate of 14 per cent a year through the Programme's third cycle beginning in 1982; yet in 1981, for the first time in its history, contributions to the Programme had actually declined by 6 per cent in nominal terms, and they had barely advanced over that disappointing result in 1982. As a developing country, Tunisia found that trend deeply disquieting.

86. UNDP, a unique and irreplaceable institution for the financing and promotion of technical co-operation, continued to carry with it the hopes of two thirds of mankind for a future of social advancement and economic development. If it did not exist, it would have to be invented.

87. UNDP was experiencing not a crisis of confidence but rather a crisis of growth mainly due to the discrepancy between the ambitious but legitimate technical assistance needs of developing countries, on the one hand, and the meagre financial resources provided by voluntary contributions, on the other. Whereas the nominal value of the resources allocated by UNDP to technical co-operation should have almost doubled during the third programming cycle, in 1982 UNDP had had resources sufficient only to deliver a volume of technical co-operation which in real terms was lower than a decade earlier, in 1973.
88. The crisis was not restricted to UNDP but affected all multilateral development assistance organizations. It was the result of a turning away from multilateralism towards selective and conditional bilateralism. That trend was regrettable, and his delegation agreed with the Administrator that the global co-ordination and programming of external inputs could only be successfully carried out by the developing countries themselves with the assistance of a multilateral and multisectoral organization such as UNDP. In order for it to play such a role, UNDP must be provided with sufficient resources on a predictable, continuous and assured basis.

89. With regard to the short-term financing situation, the Intersessional Committee of the Whole had appealed to donor countries to make a special effort in the form of additional resources to enable UNDP to reduce its short-term financial deficit. His delegation welcomed the positive response of Norway, Canada, Sweden and Switzerland to that appeal. It also supported the Intersessional Committee's recommendation that all Governments should consider transferring, at the end of their respective fiscal years, undisbursed resources or resources from other programmes which could not be disbursed through other channels to UNDP to meet its short-term financing requirements.

90. Where longer-term financing was concerned, it was indisputable that an organization like UNDP, which programmed multiyear assistance commitments, should be able to count on predictable, continuous and assured resources. It was also indisputable that the present formula of annual voluntary contributions did not provide UNDP with sufficient guarantees of resource stability and predictability. It was no secret that the replenishment scheme proposed by some delegations had not had the support of the major donors. The formula of multiyear pledging had also failed to receive unanimous support because of legislative difficulties which prevented some donor countries from accepting multiyear commitments. Owing to the divergence of views, the recommendations of the Intersessional Committee represented the lowest common denominator. His delegation supported the formula of firm pledges of contributions for one year and indicative pledges for the two subsequent years, when permitted by the legislation of the donor country.

91. A solution should also be found to alleviate the difficulties arising from exchange rate fluctuations in the case of contributions in currencies other than the dollar. The use of special drawing rights might be considered for those countries that were in a position to use them.

92. The point was not, however, to find magical formulas to extricate UNDP from its difficulties. His delegation believed that a display of sincere political will and a reaffirmation by all donors of their acceptance of the 14 per cent target would, within the framework of the 1970 consensus and the principles of voluntarism and universality, strengthen UNDP and impart force and vigour to the Programme.

93. With regard to the options and recommendations for strengthening the effectiveness of the work of the Governing Council, some members were dissatisfied with the existing arrangements and procedures of governance. They charged the
Council with being too politicized and losing itself in generalities. One delegation had even spoken of too much "rubber-stamping" by the Council and called for greater participation by members, if necessary through a change in the institutional framework. Suggestions for reform had been numerous, all with the common aim of restricting the democratic and egalitarian character of the Council. In the view of his delegation, proposals for weighted voting, weighted representation and the establishment of a Programme Committee with limited membership were not necessary, useful or justified. The establishment of a Programme Committee, far from facilitating the work of the Council, would tend to encumber it. The proliferation of bodies would complicate the task of small delegations, which would have difficulty not only in participating actively but even, at times, in arranging to be represented at all. Should the need to examine programmes arise the Governing Council could perform that task itself.

94. As for the establishment of a central evaluation unit in UNDP, if there was an imperative need to set up such a unit it should be done through the redeployment of existing human and material resources within the UNDP secretariat. At the present time of financial difficulties, UNDP should keep its administrative costs to the minimum.

95. His delegation had noted with satisfaction the assistance provided by UNDP to the Palestinian people, as described in document DP/1983/14. The Administrator was to be commended for his efforts to assist the Palestinian people in the West Bank and Gaza. His delegation deplored the fact that, as stated in the report of the Administrator, it had not been possible to execute UNDP assistance projects for the Palestinian people in the normal manner, and it requested UNDP to identify those responsible and indicate the source of the difficulties. It strongly recommended that the Governing Council should reiterate its appeal to Governments and intergovernmental organizations to contribute to UNDP special resources for assistance to the Palestinian people. His delegation also supported the assistance provided by UNDP to national liberation movements recognized by the Organization of African Unity.

The meeting rose at 1.15 p.m.