GOVERNING COUNCIL

Thirtieth session

SUMMARY RECORD OF THE 36th MEETING

Held at Headquarters, New York
on Thursday, 23 June 1983, at 10.30 a.m.

President: Mr. SLIM (Tunisia)

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The meeting was called to order at 10.30 a.m.

OTHER FUNDS AND PROGRAMMES (continued)

(c) UNITED NATIONS VOLUNTEERS (continued) (DP/1983/31 and Corr.1)

(d) UNITED NATIONS CAPITAL DEVELOPMENT FUND (DP/1983/33)

1. Mr. BASAGA (Turkey) noted with satisfaction that his country's co-operation with the United Nations Volunteers (UNV) programme had been very constructive and fruitful. Turkey had experienced both aspects of the programme by hosting volunteers and by sharing its experience with other developing countries. It hoped that the 45 Turkish volunteers whose files had been forwarded to UNV would be offered employment in addition to the volunteers already serving in the Niger, Cape Verde and Vanuatu. Lastly, he urged the Council to give the UNV programme its full support.

2. Mrs. VERVALCKE (Belgium) expressed satisfaction at the more active participation of the industrialized countries in the UNV programme and the closer collaboration between the executive agencies of UNDP and the UNV programme both in the field and at headquarters. The widest possible use of volunteers in UNDP-financed projects should be encouraged in the interest of cost-effectiveness. In that regard, her delegation fully supported the recommendation in paragraph 37 of document DP/1983/31, as formulated by the Budgetary and Finance Committee, to the effect that the existing financing arrangements with regard to support costs should not be changed.

3. Her delegation approved of the programme's contribution to special refugee activities in Africa and Asia and some emergency situations. Nevertheless, in view of its limited resources the programme should continue to focus most of its activities on the objectives of economic and social development, particularly in the poorest countries. The support provided to countries which executed their own projects was very important.

4. The precarious financial situation of the Special Voluntary Fund gave cause for concern. Her delegation appealed to all countries which participated in UNDP to make voluntary contributions to the Fund in accordance with the means at their disposal. She also expressed concern at the effects of the 45 per cent reduction in programme execution by countries. The Council should examine that question at its next session and consider ways of assisting the poorest countries in that regard. The contributions made by certain donor countries to finance the internal costs of a number of volunteers had been useful. Lastly, she stressed the need to support the activities of the UNV programme, which was a clear manifestation of North-South and South-South solidarity.

5. Mr. WANG Jinren (China) expressed satisfaction with the work carried out by UNV in 1982. The UNV programme constituted a new form of technical co-operation among developing countries in the spirit of the Sana'a Declaration. The programme showed that volunteers from different fields could play an important role in
economic and social development in a very cost-effective manner. His delegation appealed to the developed countries to increase their contributions to the Special Voluntary Fund to enable UNV to continue its vital work in developing countries, particularly the least developed ones. China's participation in the programme had yielded very good results. His delegation pledged its further co-operation with UNV in the future.

6. Mr. Chowdhury (Observer for Bangladesh) expressed satisfaction at the contribution made by the UNV programme to technical co-operation among developing countries. The United Nations system and other international development organizations should utilize the potential of UNV to the full in carrying out operational activities related to development. In that regard, his delegation renewed its appeal to all Governments to contribute to the Special Voluntary Fund.

7. Bangladesh fully supported the orientation of the UNV programme toward assistance to the least developed countries, which had benefited greatly from its activities. UNV activities in those countries should be increased in view of the growing need for the type of expertise provided by the programme.

8. His delegation noted with satisfaction the youth and domestic development services activities of the programme and its assistance to regional and subregional intergovernmental institutions and programmes in Africa. Bangladesh supported the involvement of UNV in the interregional project in connection with the International Drinking Water Supply and Sanitation Decade. Lastly, he supported the recommendations of the Administrator in paragraph 37 of document DP/1983/31.

9. Mr. El Ghaouthe (Mauritania) expressed satisfaction at the work carried out by the volunteers, who rendered vital services, often in difficult circumstances. His delegation fully supported the activities of UNV and appreciated the economic difficulties which the programme was experiencing. Despite its limited resources, his Government was prepared to co-operate further in order to consolidate the programme. Lastly, he expressed gratitude to the donor countries which had contributed to UNV.

10. Mr. Silwal (Nepal) said that the UNV programme had proved to be very useful to developing countries. It was gratifying to note that the programme had continued its orientation toward assisting the least developed countries by providing middle-level expertise in an effective manner. His delegation noted with satisfaction that a three-year extension of the regional Asia and the Pacific DDS project had been approved, and hoped that that project would further the efforts of the countries involved to train local people in villages, particularly in the use of appropriate technology.

11. He welcomed the increase in technical co-operation among developing countries within the framework of the programme. A substantial increase in the recruitment and use of volunteers from the least developed countries was one way of upgrading the technical capacity of those countries. That factor should be given further consideration in the future.
12. The United Nations Capital Development Fund played a vital role in providing concessional capital assistance to the neediest countries in crucial areas of their economies. In view of the great importance of the Fund to the least developed countries, his delegation hoped that the donor countries would ensure the financial viability of the Fund in accordance with the commitment they had undertaken at the United Nations Conference on the Least Developed Countries in 1981. Lastly, his delegation supported the recommendation of the Administrator in paragraph 65 of document DP/1983/33.

13. Mr. SCHMID (Austria) said that his delegation attached particular importance to the efforts of the Administrator to reduce the often extremely high cost of experts. Increased and more efficient use of United Nations volunteers could produce considerable savings without impairing programme delivery. Since four out of five volunteers came from developing countries the TCDC aspect of the programme was considerable. Increased use of volunteers in the least developed countries would accelerate economic and social development in those countries.

14. Austria supported the activities of the United Nations Capital Development Fund and was convinced that increased aid to the least developed countries was an absolute necessity. His country had made its first contribution to the Fund in 1983 and would continue to support the Fund, taking into consideration the effectiveness of UNV projects.

15. Mr. DORJEE (Bhutan) said it was gratifying to note that despite resource constraints the UNV programme was continuing to respond to the needs of developing countries, particularly the least developed countries. His delegation urged the international community, and especially the developed countries, to provide adequate financial support to the programme. He urged the Executive Co-ordinator to continue his efforts to further develop the concept of international volunteerism and strengthen UNV involvement in developing countries. In that regard, his delegation took note of the initiatives outlined in section B of document DP/1983/31 relating to programming concepts and developments. It was gratifying to note also the other new and special programme activities described in section C of that document and the wish of some donors to use the UNV mechanism to assist least developed countries in the context of the Substantial New Programme of Action.

16. His delegation attached particular importance to youth and domestic development service activities, discussed in section D of the report, and felt that UNV had a special role to play in activities for the International Youth Year. Although Governments financed a significant part of the volunteers' internal expenses, it was hoped that the Special Voluntary Fund would continue to be able to bear the related external costs, particularly for the least developed countries. In Bhutan more than 20 volunteers, who were serving in various sectors, had proved to be very useful to the country's development efforts. His delegation hoped that the UNV programme would be able to respond favourably to his Government's request for 50 additional volunteers in view of Bhutan's urgent needs.
17. **Ms. Hilton (United Kingdom)**, referring to the initiative launched in London to set up a special programme with the Voluntary Service Overseas (VSO) to provide UNV with qualified British candidates, said that her Government had contributed six new volunteers to the UNV programme in 1982 and 1983. The United Kingdom welcomed the links which had been established between its own voluntary organizations and the UNV programme. Volunteers could make a special contribution to development efforts in a way which complemented other forms of assistance. Her Government was pleased with the success of the Consultative Meeting on Volunteer Service and Development held in Geneva in April 1983 in accordance with one of the recommendations of the Sana'a Declaration, and hoped that more such meetings would be held in the future on a regular basis.

18. **Mr. Husain (Pakistan)** said that his delegation fully supported the activities of the UNV programme and hoped that the programme could be further expanded. In addition to providing technical assistance, UNV promoted international understanding and goodwill. His delegation had taken note of the other new and special programme activities described in section C of document DP/1983/31 and would like to see such activities expanded. There was nothing inherently wrong with the predominance of volunteers from developing countries in UNV projects, since those volunteers might be in a better position to understand the problems facing developing countries. Lastly, he appealed to the donor countries to increase their contributions to the Special Voluntary Fund in order to ensure that UNV could maintain its current growth rate.

19. **Mr. Lima (Brazil)** said that his delegation attached particular importance to the work undertaken by UNV in developing countries, particularly in the least developed countries. Nevertheless, the programme could play a more significant role in the implementation of TCDC activities. His country intended to continue co-operating with UNV and contributing to the Special Voluntary Fund. There were 19 Brazilians working with UNV in Portuguese-speaking African countries. Their number could be increased if certain UNV recruitment rules were made more flexible. For example, UNV should consider shorter assignments instead of the current two-year period and additional financing schemes for a living allowance in order to employ a larger number of more highly qualified experts in certain fields where such expertise was required.

20. The Consultative Meeting on Volunteer Service and Development held in Geneva in April 1983 had been a useful opportunity to explore new ways to bring about more systematic co-operation between the UNV programme and co-operating Governments and agencies. More efforts should be made to identify not only areas of collaboration but also innovative mechanisms that would make it possible to expand the programme in order to benefit developing countries.

21. **Mr. Rohner (Switzerland)** observed that his country had been supporting UNV for many years. It appreciated the useful services UNV rendered and the essential role in international co-operation that it would no doubt continue to play for some time to come. UNV was making laudable efforts to recruit volunteers specifically qualified for particular assignments in the developing and least developed countries, and was also trying to achieve a better balance in the distribution of countries and regions from which volunteers were drawn.
(Mr. Rohner, Switzerland)

22. It was heartening to note that the specialized agencies were relying increasingly on volunteers for their projects, and even in some cases assigning entire projects exclusively to volunteers. In such cases, the volunteer had access to the technical support of the agency. He wondered if other volunteers not working in conjunction with a specialized agency could count on any technical and scientific backstopping.

23. Regarding the range of UNV activities, Switzerland was not convinced that the current trend towards extending the programme's operations to an increasing number of sectors would not adversely affect the quality of its services.

24. The financial situation of UNV and especially the Special Voluntary Fund was hardly encouraging. Switzerland fully supported the appeal made at the previous meeting by the Executive Co-ordinator, and endorsed current efforts to reach full-funding agreements with certain donors. Switzerland's own contribution for 1983 would probably be maintained at the same level as in 1982.

25. Mrs. BALLESTER (Observer for Cuba) said that her country was one of those which had recently been making greater use of volunteers, and it intended to continue to do so in order to contribute to the palpable benefits the least developed countries in particular were deriving from UNV. It endorsed the appeals for increased contributions to the Special Voluntary Fund from countries possessing greater resources.

26. Her country was providing modest support to UNCDF and was sympathetic to its aims. It had also begun to follow the development of the United Nations Revolving Fund for Natural Resources Exploration with great interest.

27. Mr. DE SILVA (Observer for Sri Lanka) said that the report on the United Nations Volunteers (DP/1983/31) gave a comprehensive account of the multifaceted activities of UNV and of new responses by the programme to the needs of developing countries in areas which had been identified as vital to their development, such as technical co-operation among developing countries and others targeted in the Substantial New Programme of Action and the Sana'a Declaration. Many significant new activities had been initiated during the past year, as described in sections C and D of the report.

28. The UNV programme had been highly successful in Sri Lanka, and its timely assistance had averted disruption of a major socio-economic sector in that country.

29. His delegation appreciated the way in which UNV had discharged its principal responsibility as a cost-effective instrument for international development co-operation. As UNV proceeded to meet current and future challenges, UNV and UNDP should refine institutional arrangements for inter-agency co-ordination to avoid overlap of activities. The decision to postpone the proposal for cost reimbursements would no doubt make it easier to devise an acceptable arrangement.
30. The report brought out the financial constraints under which UNV was labouring and it was Sri Lanka's hope that Governments, organizations and individuals would respond to the appeal for greater contributions.

31. Mr. BLAIN (Observer for the Gambia) emphasized the crucial role and valuable contributions of UNV, especially in the least developed countries. He reaffirmed the Gambia's support for the programme and associated his Government with the appeal made at the previous meeting by the Executive Co-ordinator of UNV as well as with the recommendations made by the Administrator in that regard.

32. Mr. THYNNESS (Assistant Administrator, Bureau for Special Activities) thanked all delegations for their words of appreciation and support, and particularly welcomed the newly-announced support by Japan which was planning to field its first volunteer.

32. Replying to questions regarding the UNV programme, he noted that the Federal Republic of Germany and Norway had inquired about the number of women volunteers, and that the former had noted that the increase reported in paragraph 3 of the report seemed to contradict the statistics in annex I. It was true that the number of women volunteers had decreased slightly in 1982; however, the most significant number was the number of volunteers fielded in 1982. If one considered that number, it would be seen that while the total number of volunteers fielded had decreased by 20 per cent, the number of women volunteers had decreased by only 7.7 per cent, and that therefore the proportion of women was greater in 1982 than in 1981 and the prospects for the future were correspondingly hopeful.

34. In recruiting women, there were several factors at work that were beyond UNV control. While UNV could actively recruit, participation in the programme would always be voluntary. Moreover, UNV did not have any control over the nature and requirements of the jobs to be done. It was a well-known fact that qualified women were much easier to find in the fields of health and education than in those relating to science or engineering, for instance, and that reality inevitably affected the proportion of women in UNV.

35. The general question of the ratio of volunteers from industrialized countries to those from developing countries also had a bearing on the number of women volunteers, since a relatively higher proportion of women volunteers came from the former countries.

36. The report described the active recruitment being carried out by UNV to obtain more volunteers from industrialized countries, and he was confident that those efforts would bear fruit in 1984 or 1985. There again, factors beyond the control of UNV were operating. Many industrialized countries had national volunteer services of their own, and those were in a privileged position to recruit in those countries, also they recruited for bilateral projects under established arrangements with recipient countries and following well-established procedures. UNV recruitment on the other hand, required more elaborate procedures involving acceptance by the host country, which could be long in coming. Volunteers from the industrialized countries often became impatient with the delays and made other plans in the interim.
37. **Mr. NABULSI** (Executive Co-ordinator, United Nations Volunteers) observed that most of the complaints about the unbalanced distribution of volunteers by nationality seemed to come from the industrialized countries, and yet UNV, despite its every effort, was finding it difficult to recruit volunteers from those very countries. There were currently 1,000 volunteers in the field, and Japan was about to increase that number by one. Japan had 1,000 of its own volunteers in the field and by 1985 that number would probably be doubled. He therefore appealed to Japan to give more volunteers to the programme. He also appealed to all the other industrialized countries to increase the number of their volunteers. UNV was ready to try any approach necessary and to do everything possible in co-operation with Governments and sending organizations to increase recruitment of volunteers from industrialized countries. A ratio of 75 per cent from developing countries and 25 per cent from industrialized countries would be a more logical and healthier percentage. In order to achieve that ratio, however, UNV needed the support of the Council members in discussing with their Governments those matters which were essentially national in character.

38. He would convey to those concerned the warm support expressed by the Council for the activities of UNV, especially those discussed in section C of the report. Regarding Sweden's concern for the welfare of the volunteers, UNV shared that concern and was aware of the need to nurture the dedication of those who had sacrificed two years of their lives under hard conditions by giving them adequate job satisfaction and not merely ensuring the necessary physical conditions for their work. The matter was being discussed increasingly with the host countries.

39. The members of the Council had expressed support for UNV's refugee assistance programmes. One of the largest was in Somalia, where a large number of volunteers with valuable specializations in such fields as agronomy, nutrition and small-scale industries were assisting in the resettlement of refugees and establishing what was essentially a development programme to provide employment opportunities for them.

40. The Federal Republic of Germany had requested a report on the interregional rural water supply hand pump project initiated in 1982 and executed by the World Bank. The project was testing and perfecting a new system of hand pumps and using volunteer engineers to demonstrate and promote their use among local farmers. There were currently seven volunteers, in Ghana, Kenya, Malawi, the Niger, Sri Lanka, Thailand and the Upper Volta, with two others being recruited for the Philippines and China, which had requested a Chinese-speaking volunteer. A recent letter from the World Bank representative spoke highly of the calibre and dedication of the volunteers and the crucial role they were playing in field tests and as ambassadors. At the next session of the Governing Council, he intended to give a full report on that very important project.

41. With regard to technical co-operation among developing countries, UNV should be considered the operation arm of UNDP in that field. Eighty per cent of the volunteers were from developing countries and were working in developing countries. UNV intended to propose in 1984 additional structural support for technical co-operation among developing countries.
42. With regard to assistance to the least developed countries, more than 50 per cent of UNV activities were concentrated in such countries. The extreme financial difficulties facing those countries made it impossible for them to meet all their technical manpower needs, even though they were allocating more and more funds from their indicative planning figures for that purpose. A case in point was a small Asian country which had requested 74 volunteers. As the representative of Belgium had said, the burden on the least developed countries should be lightened, and UNV intended to propose at the next session of the Governing Council that some allocation be made from general resources to assist the UNV programme in the least developed countries.

43. It had been suggested that the UNV programme should be more flexible in recruitment and should consider offering short-term assignments of less than two years. While the programme had no objection to short-term assignments, it had to consider the question of cost-effectiveness. The cost of assigning a volunteer to a country for a few months might be too high in relation to the services provided in such a short space of time. The programme was open to suggestions regarding ways of ensuring that travel and other costs were not disproportionate in relation to the duration of the assignment.

44. Several delegations had taken note of the programme's efforts to improve relations with other United Nations agencies. Programme officials had recently held an extremely useful meeting with ILO officials to discuss how co-operation could be strengthened. It was expected that more United Nations volunteers would be involved in ILO projects. The possibility of using United Nations volunteers in FAO and World Bank projects would shortly be considered during consultations at the respective headquarters. The agencies were beginning to see the real benefits of the UNV programme. A mutual understanding of requirements and responsibilities was developing. It was hoped that, in the years ahead, the programme would be recognized as a key element in the cost-effective delivery of assistance by United Nations agencies.

45. The UNV programme, as a member of the core group of agencies engaged in preparatory activities for the International Youth Year, was grateful for the Council's support in that area.

46. The President suggested that paragraph 2 of the draft decision contained in paragraph 37 of document DP/1983/31 should be replaced by the following text:

"Approves the recommendation of the Budgetary and Finance Committee that at present the existing financing arrangements for the UNV should not be changed;"

47. It was so decided.

48. The draft decision, as amended, was adopted.
49. Mr. MAGDI (Executive Secretary, United Nations Capital Development Fund) said that, after a long period of gestation, UNCDF had developed its own unique characteristics, which enabled it to provide the type of assistance generally not available from other multilateral financing institutions. Through its flexible and speedy modalities for financing small-scale capital assistance projects, the Fund was playing an increasingly important role in assisting the least developed countries, particularly in the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries.

50. The Administrator's report on UNCDF (DP/1983/33) contained a review of its 1982 operations. In accordance with Governing Council decision 82/22, it also provided detailed information on UNCDF's financial position under the partial funding system.

51. In 1982 the Fund had continued to expand its programme activities and had approved 34 projects at a cost of $60 million. Since UNCDF had approved its first project in 1970, it had registered a continuous growth in the annual cost of projects approved, from $300,000 in 1970 to $15 million in 1975 and $60 million in 1982. The cost of projects approved in 1981 and 1982 had been $131 million and represented 47 per cent of the total cost of projects approved by UNCDF since its establishment.

52. UNCDF had begun 1982 with 164 ongoing projects having outstanding commitments amounting to approximately $119 million. Of that amount, project expenditure in 1982 had totalled $27.7 million. The combined expenditure for 1981 and 1982 had amounted to $75.9 million, representing approximately 49 per cent of all project expenditure made by the Fund since its establishment.

53. In 1982, the Fund had been actively engaged in the planning and implementation of its programme in 37 countries, including 32 countries officially designated as least developed and five countries which the General Assembly believed should be given similar consideration. Following the General Assembly decision designating Togo and Sierra Leone as least developed countries, the Fund had undertaken planning and programming missions early in 1983 to develop a programme of activities in those countries. In addition, the Fund had reactivated its programme in Chad, and was considering sending a planning and programming mission to Afghanistan with a view to reactivating its programme there in the second half of 1983.

54. UNCDF's resources from voluntary contributions for 1982 had totalled $25.9 million. At the 1982 United Nations Pledging Conference for Development Activities, 34 countries had pledged a total of $14.9 million. Since then, several donor countries had announced their contributions to UNCDF for 1983, and the pledges had reached $25.3 million. Despite the variations in the rate of exchange of the United States dollar and the currencies in which the majority of contributions were pledged, the dollar value of pledges already made for 1983 was only $600,000 less than for 1982. In other words, in terms of their national currencies, a significant number of countries had actually increased their 1983 pledges to UNCDF over their 1982 contributions. The Fund was grateful to all the Governments and organizations which were contributing to its activities.
55. In addition to the voluntary contributions to the general resources in 1982, other resources had been mobilized by UNCDF from various sources through cost-sharing and trust fund arrangements. In that connection, a cost-sharing agreement had been reached with the Arab Gulf Fund for two projects towards which that Fund was contributing $1,350,000. Similarly, a trust fund arrangement had been concluded in 1982 with MISEREOR, a major non-governmental organization in the Federal Republic of Germany. Under that arrangement, the equivalent of approximately $1.3 million was being provided for a water supply project. UNCDF was making intensive efforts to mobilize additional resources through the various modalities at its disposal, in order to maintain the scope and momentum of its programme. For 1983, a target figure of $10 million had been set for additional resources to be mobilized by UNCDF under those various arrangements.

56. The Administrator's report (DP/1983/33) provided basic information on the Fund's operating policies and procedures in planning and developing its programme in full partnership with the Governments of the recipient countries and in co-ordination with related assistance activities. In July 1981, the Fund had begun negotiations with those Governments on a basic agreement regarding the general conditions under which UNCDF provided assistance to development activities. In 1982, 25 Governments had signed the basic agreement, thus bringing the total to 37.

57. As a direct result of the basic agreement and the continuing dialogue between UNCDF and the recipient countries, there was a better understanding among the least developed countries of the special role which the Fund could play in financing small and medium-scale projects directly related to national development priorities that were outside the scope of other multilateral financing agencies. That was reflected in the increasing number of requests for UNCDF assistance and in the type and quality of project proposals which Governments were currently submitting to the Fund.

58. As requested by the Governing Council and the General Assembly, UNCDF had actively participated in 1982 in the follow-up to the United Nations Conference on the Least Developed Countries. It had participated in the round-table meetings organized, with the assistance of UNDP, by the Governments of Cape Verde, Chad, Mali and Rwanda. The Fund had participated in the round-table meeting for Benin early in 1983, and in the round-table meeting for the least developed countries of Asia and the Pacific in May 1983. It planned to participate in the other round-table meetings for the least developed countries of Africa. Its participation in such meetings had provided an excellent opportunity to obtain more detailed information on the development priorities of Governments, to identify areas of complementarity with other sources of financial assistance and, in general, to develop its programme in a more co-ordinated and comprehensive manner so as to ensure the most effective utilization of its assistance.

59. The streamlining of the procedures for the preparation of project documentation from the formulation stage to the approval stage, coupled with the project monitoring system, continued to contribute significantly to the improved quality of the projects and to speed and efficiency in their processing and implementation.
60. In line with its operational policies as endorsed by the Governing Council and the General Assembly, UNCDF had continued in 1982 to assist the recipient countries in meeting the basic needs of their people and in developing the productive sector. The major part of the Fund's assistance had continued to be directed towards the development of the rural sector, where the bulk of the population of the least developed countries lived.

61. Pursuant to Council decision 82/22, the Fund had continued to co-ordinate its activities with those of UNDP. The main objective was to develop comprehensive financing packages for activities in the least developed countries, with the use of the various resources available under the UNDP umbrella, such as the IPFs, the Special Measures Fund and the United Nations Sudano-Sahelian Office. That approach helped to ensure that the key inputs needed for effective implementation of priority projects in the least developed countries were made available in a co-ordinated and timely fashion. The approach had been successful and, by the end of 1982, there had been 64 UNCDF-financed projects receiving supporting technical assistance and other inputs financed through the various resources available under the UNDP umbrella.

62. There had been recent developments within the framework of the overall discussions between the World Bank and UNDP. He had participated in a joint task force of World Bank and UNDP officials seeking to identify ways of strengthening co-operation. UNCDF had recently held a series of senior-level consultations with the World Bank, which had resulted in a number of specific proposals designed to increase operational co-operation in the co-financing of priority projects in the least developed countries.

63. Similar efforts to achieve co-ordination with other sources of funding had been undertaken in 1982. There were currently 29 UNCDF-assisted projects benefiting from joint financing provided by bilateral agencies in such countries as Algeria, Belgium, China, Denmark, Finland, France, the Federal Republic of Germany, Japan, the Netherlands, Sweden, Switzerland, the United States of America and Yugoslavia. Also participating in those projects were other multilateral financing institutions such as the World Bank, the African Development Bank, the European Development Fund and UNICEF.

64. Through that type of co-ordination and complementarity, UNCDF had been able to make optimum use of its limited resources and to play an increasingly important role in the multilateral financing system, particularly in bridging the gap between UNDP-financed pre-investment projects and large-scale investment projects funded by the World Bank and other financing institutions.

65. During the period that the policy of partial funding had been in effect, the Fund had nearly quadrupled the size of its programme from $72.4 million in 1978 to $277.2 million at the end of 1982. The disbursement rate had almost doubled from an average of 39 per cent during the period 1975-1978 to an average of 68 per cent during the period 1979-1982. Since 1978, the Fund's programme activities had been extended to cover an additional 17 least developed countries. The Fund had been able to accomplish those achievements under the partial funding system while maintaining its sound financial position.
66. As indicated in paragraph 53 of the report (DP/1983/33), the difference between outstanding project commitments at the end of 1982 and available resources had been $52.5 million. In accordance with the financial control formula governing the Fund's operations under the partial funding system, that amount of commitments over available resources was expected to be covered by the resources pledged to the Fund for 1983 and the contributions envisaged for 1984. With regard to the Fund's accumulated liquidity, a further reduction was expected in 1983 and following years. In 1983, on the basis of the projected expenditure of $40 million, the liquid resources available to the Fund, including the operational reserve, were expected to reach $89.7 million, which would represent a reduction of approximately $5.8 million from the previous year.

67. UNCDF was being realistic about future resources. The resource projections for 1982 to 1986 submitted at the twenty-ninth session had assumed a 15 per cent annual rate of growth. The rate had since been modified to 7.5 per cent. UNCDF was obliged to recognize that, despite the very generous support of a few major donors, it had not yet arrived at a level of resources commensurate with its assigned role to assist the least developed countries, particularly in the implementation of the Substantial New Programme of Action. That was all the more regrettable in view of the large number of projects in the pipeline and the substantial improvement in the Fund's delivery capacity over the past three years. UNCDF was therefore intensifying a two-pronged approach to resource mobilization; it was seeking to broaden the geographical base of contributions to its general resources while seeking additional resources through co-financing and trust fund arrangements.

68. In that respect, the authority granted to the Administrator in Governing Council decision 82/5 constituted an important mechanism for the Fund in its efforts to mobilize additional resources. Although the Council's authorization for UNCDF to accept trust funds conditioned on procurement for donor countries had been for one year, the actual period of implementation of the decision had been less than six months, since the General Assembly's endorsement in resolution 37/227 had not come until late in December 1982.

69. Nevertheless, the results achieved so far had been encouraging in terms of additional resources for UNCDF programme activities. Trust fund agreements had been concluded with the Governments of Belgium and Italy for a total of $5.4 million. The Belgian Government's contribution was for a livestock project in Mali; the Italian Government's contribution was for a water supply project in Somalia and for a project in the Niger for the construction of rural roads. In addition, the Fund had a substantial pipeline of projects for which initial consultations had been undertaken with potential donor countries and financial institutions.

70. In negotiating that type of trust fund agreement, UNCDF always impressed on donor Governments the need to assure financing of those key inputs which were not linked to tied procurement in the donor country, such as local costs and operating costs. Of the total amount to be provided under the trust fund agreements signed to date, 30 per cent represented untied financing.
71. Administrative support services required for the management of extrabudgetary resources which the Fund was mobilizing through trust fund arrangements would be financed from the trust fund contributions.

72. All the projects presented by UNCDF for resource mobilization, including those involving tied trust funds, formed part of the regular UNCDF programme and had already gone through the normal process of identification, appraisal and approval. Because of the Fund's limited resources, in comparison to the ever-increasing volume of requests for assistance, those trust fund contributions helped to release UNCDF general resources for projects which were ready for implementation, but which would otherwise have been delayed. While trust funds could be an effective vehicle for additional resources, they could not be a substitute for voluntary contributions to the general resources of the Fund. Such contributions would continue to be the mainstay of UNCDF activities. He urged those major donor Governments which were not yet contributing to UNCDF general resources and those other Governments which were in a position to do so to give UNCDF the means to respond in a larger measure to the needs of the least developed countries in their efforts to implement the Substantial New Programme of Action. The programming and operational experience which the Fund had acquired in those countries had developed to a point where it could be in a position to manage a substantially higher volume of resources in responding to the pressing needs. With continuing and expanded support, UNCDF could play a more significant part in future efforts to channel substantial additional resources to the least developed countries.

73. Mr. BLAIN (Observer for the Gambia) applauded the resource mobilization efforts made by the Executive Secretary of UNCDF. The record number of projects approved and executed by the Fund since the Executive Secretary had been appointed in 1981 spoke for themselves. In 1981 and 1982, the cost of projects approved had amounted to $131 million, representing 47 per cent of the cost of all projects approved by the Fund since its establishment. During the same period, project expenditure had amounted to $75.9 million, representing 49 per cent of all project expenditure. The Executive Secretary epitomized the finest qualities of an international civil servant, understood the problems of the poorest countries and was genuinely sympathetic to their needs.

74. UNCDF continued to provide concessional capital assistance for the accelerated diversification and self-sustained economic growth of developing countries, particularly the least developed countries. His delegation was gratified that the flexible mechanism applied by the Fund allowed it to provide capital assistance for viable and technically sound projects, while project execution remained the primary responsibility of the recipient countries. Equally reassuring was the fact that the focus of UNCDF's activities was on basic needs in such areas as food production, primary health care, drinking water supply and sanitation, low-cost housing and primary education.

75. Although the Fund had approved 34 projects in 1982, their total cost ($60 million) was $11.2 million less than the previous year. His delegation was concerned at the extent of that decline.
76. The United Nations Conference on the Least Developed Countries had clearly identified UNCDF as an important channel for concessional capital assistance to the least developed countries in the context of the implementation of the Substantial New Programme of Action. The crucial role of UNCDF in that regard had subsequently been endorsed by the General Assembly in its resolution 36/196. Regrettably, the level of commitment in evidence at the Conference had hardly been matched by the volume of resources provided. The downward trend in pledges to the Fund between 1981 and 1982 constituted ample testimony to that fact. His delegation urged UNCDF to continue adapting its programme to the priority needs of the least developed countries and to maintain its commitment to the Substantial New Programme of Action. His Government trusted that UNCDF would participate actively in the round-table meeting to be held in the Gambia in October 1983. It endorsed the measures currently being taken by UNCDF to ensure complementarity between the capital assistance which it provided and the technical assistance financed by the Special Measures Fund and the United Nations Sudano-Sahelian Office. UNCDF should continue and expand its joint financing of projects with bilateral agencies, including multilateral financing institutions and development banks.

77. UNCDF-financed projects in the Gambia included a rice irrigation project, a credit project for small industries, a rural water supply project and a swamp rehabilitation project. Other priority projects currently in the pipeline were being actively considered by the Fund.

78. In decision 82/5, the Governing Council had authorized the Administrator to accept, for a period of one year, trust funds conditioned on procurement from a donor country or donor countries in respect of UNCDF operations. The advantages of that funding modality immediately became obvious when one took into consideration the growing uncertainty regarding the availability of financial resources for multilateral co-operation on an assured and predictable basis and the effects of that situation on UNCDF's resources. It was only logical that UNCDF should explore other sources of additional funding to meet the large number of requests for capital assistance from recipient countries. UNCDF should be authorized to continue accepting trust funds conditioned on procurement. That clearly viable instrument of additional financing should become a permanent feature in the resource mobilization efforts of UNCDF and other funds within the purview of UNDP. It should be borne in mind, however, that what was most important to the least developed countries was access to concessional capital assistance for socio-economic development and not the source or modality of such assistance.

79. UNCDF had firmly established itself as a viable entity through which concessional resources could be channelled for the support of self-help projects designed to promote national self-reliance in the least developed countries. The Fund possessed virtually all the qualities which the developing countries considered fundamental if the operational activities of the United Nations system were to be consistent with their national objectives and development priorities. It remained for donor countries, particularly the traditional major donors, to provide the Fund with the volume of resources that would enable it to sustain
higher levels of capital development assistance to the poorest countries of the world. The Gambia appealed to those countries to translate into practical action the commitments they had made at the United Nations Conference on the Least Developed Countries.

80. Mr. MESTDAGH (Netherlands) said that UNCDF had a separate role in development financing, for it was engaged in activities not undertaken by other institutions. It focused on the poorest countries, aiming to meet the basic needs of the people and to develop small-scale projects in the production sector, together with economic infrastructure.

81. Despite a slight increase in the number of contributors, the total volume of resources available to UNCDF had barely increased and there had been no essential redistribution of the burden of making resources available. In fact the current level of contributions would not allow the Fund to maintain its momentum. The Administrator had stated in his report (DP/1983/33) that a significant effort to mobilize resources would be carried out in 1983, in view of which his delegation would welcome information on the current state of affairs. It would also be of interest to know to what extent the authority to establish trust funds was expected to have an impact on widening the geographical base of voluntary contributions to UNCDF.

82. Expenditure in 1982 had been only $US 28 million instead of the target of $US 60 million. Exchange rate fluctuations had favoured operational activities in that procurement had taken place at less than budgeted costs, offsetting pledges which had been reduced in dollar terms. That was, however, largely due to the fact that field support services and headquarters administrative services for the Fund had been provided by UNDP.

83. It was gratifying that, in view of the complementarity of capital assistance provided by UNCDF with technical assistance financed by UNDP, a substantial number of UNCDF projects were matched by UNDP assistance. Close co-operation between those two institutions was bound to increase the impact of their activities in the least developed countries. His delegation would welcome additional information on involvement by the Fund in the Substantial New Programme of Action for the 1980s for the Least Developed Countries.

84. The low rate of expenditure in 1982 was linked with the growth of accumulated liquidity. His delegation wondered what the impact had been of the partial funding system, which, it had been anticipated, would have reduced accumulated liquidity from $83 million at the end of 1981 to $21 million by the end of 1984. However, the Administrator's report stated that accumulated liquidity was expected to attain $90 million by the end of 1983. The trend was in the wrong direction; there was a major difference between the projected target for 1983 and the likely results.

85. At its twenty-ninth session, the Governing Council had decided to continue the partial funding policy so that the Fund could further expand its operations, without accumulation of liquidity. The volume of operations had expanded, in that...
total outstanding commitments had increased by some $30 million since the end of 1981. Nevertheless, the Netherlands could not concur with the Administrator's conclusion that the partial funding system was already an effective instrument for maximizing the use of the Fund's resources, since at present liquidity was almost four times annual income.

86. Money had to be spent to be economically effective. If the liquidity of the Fund remained at its current level, action should be taken so as not to withhold resources from a market which so badly needed them. Of course, that did not mean that the Fund should be given free rein to accept projects on a less well-prepared basis.

87. Although his delegation had joined in the consensus on the continuation of trust funds, which in the case of institutions such as UNCDF could be an acceptable way of enlarging resources, it was concerned about the overall level of such funds, particularly in view of increasing cumulative liquidity. UNCDF's scarce personnel resources should first and foremost be employed to allocate and disburse the available resources from core funds. Trust funds should be only a marginal extra. That did not, however, seem to be the case at the moment, and if such trends continued the funding concept would be turned upside down. His delegation felt strongly that trust funds should be accepted only under stringent conditions and with clear ceilings.

88. **Mr. CHOWDHURY** (Observer for Bangladesh) said that his delegation supported the aid provided by UNCDF to the developing countries, since capital assistance promoted self-sustained growth in their economies. The Fund was operating successfully in accordance with its responsibility as a fund providing capital, first and foremost, to the least developed countries. The Substantial New Programme of Action had also assigned the Fund a special role in providing concessional capital assistance. All Governments and international organizations should help the Fund to increase its financial capacity to participate in the implementation of the Programme.

89. The activities of the Fund in developing the production sectors and economic infrastructures of the least developed countries was of great importance and should be given further emphasis in future programmes. Bangladesh supported the emphasis placed on rural and agricultural development, which was in line with the needs of the least developed countries. Co-operation between Bangladesh and UNCDF had been extremely fruitful, resulting in a large number of projects receiving assistance from the Fund. His delegation supported the Administrator's recommendation in paragraph 65 of the report (DP/1983/33) to continue the authorization, contained in Governing Council decision 82/5, in respect of UNCDF.

90. **Mr. TORAASEN** (Observer for Norway) said that UNCDF had made considerable progress in recent years. Norway took a special interest in UNCDF, which had a pilot role to play in furthering the welfare of the poorest segments of the rural population in the least developed countries. The Fund had defined its role within the United Nations operational development system and was also playing an important
role in the Substantial New Programme of Action for the Least Developed Countries. The Fund channelled concessional capital assistance to the poorest countries, in addition to technical assistance, thus responding effectively to their priority needs.

91. The growth in the Fund's resources over the past five years had been significant, but donor countries should further increase their contributions to it. New donors should also come forward. Project expenditure had been lower in 1982 than in 1981, but his delegation hoped that the projected expenditure of some $40 million for 1983 would be attained.

92. It was particularly gratifying that the Fund provided aid in crucial areas, including food, health, education and drinking water supply as well as in the production sector. The improved co-operation between UNCDF and other organizations in the United Nations system was satisfying. The establishment of the partial funding system had led to increased funds being channelled to those recipients most in need, thus maximizing the use of the Fund's resources. His delegation therefore supported its continuation. Norway strongly advocated the use of evaluation to improve the efficiency and effectiveness of development activities, and felt that more emphasis should be placed on the evaluation of future UNCDF projects.

93. Mr. KRSTAJIC (Yugoslavia) said that Yugoslavia had supported UNCDF since its establishment. The Fund was important since it endowed developing countries with capital assets and its activities complemented those of UNDP and other organizations in the development system. The wide range of UNCDF's operational activities was noteworthy, as was its efficiency. Most of the Fund's activities were carried out in co-operation with other United Nations organizations.

94. His delegation supported increased activity by UNCDF in the production sector by, for example, supporting small industries and energy projects. The needs of other sectors were met by other organizations.

95. UNCDF's activities had promoted capital development in the recipient countries and should be continued and expanded. His delegation supported the recommendations in the Administrator's report.

96. Mr. WANG Jinren (China) said that the progress made by the Fund in 1982 was most welcome. The Fund had striven to discharge the responsibilities entrusted to it by the General Assembly, and those arising under the Substantial New Programme of Action. The Fund was doing valuable work in helping technical development in the least developed countries, and its role should be expanded.

97. Efforts should be made to direct UNCDF aid to small-scale projects in which other organizations did not become involved. It should also be ensured that its activities complemented those of other organizations in the United Nations system. In 1982 particular attention had been paid by the Fund to co-ordination with UNDP, the Special Measures Fund for the Least Developed Countries, the United Nations Sudano-Sahelian Office and the United Nations Volunteers. Complementarity of programmes was important in view of the scarcity of resources for development. The Fund should explore more flexible ways of providing aid.
98. The Fund's resources came in the main from voluntary contributions, but had declined in real terms in 1982. Resources available under the partial funding system and from trust funds had increased. The General Assembly had supported Governing Council decision 82/5 concerning trust funds, which his delegation welcomed since it had enabled the Fund to mobilize more resources for the least developed countries. China hoped that no limits would be placed on such means of raising funds, but that every effort would be made to promote them.

99. His delegation supported the Administrator's recommendations. The main focus of the Fund's activities in 1982 had been on rural and agricultural development, including water exploration, drinking water supply and the development of primary health care. Over half of UNCDF's resources had been devoted to those areas, in accordance with the needs of the least developed countries.

100. The report indicated that expenditure was well below the projected target for 1982. That could be explained partly by procurement delays, which should certainly be corrected in 1983. China had contributed to UNCDP to the limit of its abilities, and welcomed its fruitful co-operation with that body.

The meeting rose at 1.10 p.m.