



**Governing Council
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Item 5 (a)

DRAFT DECISION ON THE FOURTH PROGRAMMING CYCLE

Submitted by H.E. Thabo Makeka (Lesotho)
Co-Chairman of the Working Group

The Governing Council

1. Decides to maintain for the fourth programming cycle a five-year planning period to cover the years 1987 to 1991 inclusive;
2. Decides that World Bank data on population and on per capita GNP for 1983 shall be used in the calculations in all cases where they are available and in all other instances where reference is made in this decision to those criteria; otherwise, the Administrator shall determine and use the best estimates available, taking into account estimates provided to the Statistical Office of the Secretariat as well as from other reliable sources;
3. Decides that for the purposes of forward planning an assumed overall average annual growth of voluntary contributions of at least 8 per cent on a basis of the target of \$700 million anticipated for 1986, shall apply;
4. Further decides that in June 1989, the Governing Council shall review the resources available to date, the plans and any further indications by contributors to the Programme regarding the remaining years of the cycle, taking into account the perceived needs of the recipient countries, and make a determination as to whether higher IPFs shall be established for the remaining years of the cycle. Such higher IPFs shall be calculated on the basis of the criteria set out below;
5. Approves the following guidelines and criteria for the allocation of financial resources to the various programmes:
 - (a) Of the total resources allocated for IPFs, 19 per cent shall be allocated for intercountry IPFs and 81 per cent for country IPFs;

(b) Within the total amount of IPF resources allocated to intercountry programmes, 79.5 per cent will be allocated to the regional programmes, 8 per cent to the interregional programme and 12.5 per cent to the global programme;

(c) In addition to the above resources for the intercountry programme an amount of \$US 20 million will be allocated to the global programme from the resources set aside for increase in the Operational Reserve;

(d) For the calculation of individual country IPFs, the methodology and criteria should take into account the following:

- (i) Eighty per cent of the total amount available for country IPFs shall be allocated to countries with 1983 per capita GNP of up to \$750; the calculation to be made in such a way that the weighting is more advantageous to low-income countries with 1983 per capita GNP of \$375 and below;
- (ii) The remaining 20 per cent of total country IPFs shall be allocated to countries with 1983 per capita GNP of above \$750, the calculation to be made in such a way that the weighting is more advantageous to countries with 1983 per capita GNP between \$751 and \$1,500;
- (iii) Countries with a 1983 per capita GNP of below \$1,500 shall have a supplement, if necessary, to their IPFs for the fourth cycle so that they receive no less than 100 per cent of their country IPFs for the third cycle as established on the basis of decision 84/16, paragraph 10;
- (iv) Countries with a 1983 per capita GNP above \$1,500 but less than \$3,000 and small island countries with a population of 1 million or less and with a 1983 per capita GNP between \$3,000 and \$4,200, shall have a supplement, if necessary, to their IPFs for the fourth cycle so that they receive no less than 85 per cent of their country IPFs for the third cycle as established on the basis of decision 84/16, paragraph 10;
- (v) Countries other than those referred to in paragraph (d) (iii) and (d) (iv) above shall have, if necessary, a supplement to their IPFs for the fourth cycle so that they receive no less than 75 per cent of their country IPFs for the third cycle, as established on the basis of decision 84/16, paragraph 10;
- (vi) Each country with a 1983 per capita GNP of above \$1,500 shall receive a country IPF for the fourth cycle of an amount which may not be in excess of its IPF for the third cycle as established on the basis of decision 84/16, paragraph 10;
- (vii) The weight ratio between the basic criteria and supplementary criteria used in computing illustrative country IPFs will be 75 to 25. In addition, the amount allocated for each supplementary point given will comprise a fixed part per supplementary point (25 per cent) and a variable part (75 per cent), the latter directly correlated to the amount of the IPF calculated on the basis of basic criteria. There will be a

cap to limit the amount given for supplementary criteria to a maximum of 50 per cent of the amount given for basic criteria;

(e) For the fourth cycle, the following supplementary criteria will be applied for countries:

- (i) Inclusion in the list of countries designated as least developed among developing countries or, by decision of the Governing Council, to be treated "as if" it had been included in that list;
- (ii) The country is a land-locked developing country;
- (iii) The country is an island developing country;
- (iv) A country has acceded to independence during the second programming cycle or thereafter;
- (v) A country is a front-line State;
- (vi) A country suffers from acute ecological or geographical disabilities;
- (vii) The magnitude of a country's development effort, the extent to which the Government is making structural changes to promote the development process and the distribution of income and other elements of social justice;
- (viii) The country's total annual debt service payments exceeds 20 per cent of total export earnings on goods and services, in 1983;
- (ix) The country's current account deficit exceeds 10 per cent of its gross domestic product or national income for at least two out of the three-year period 1981-1983;
- (x) The country's continued deterioration of terms of trade measured as a decline by more than 15 per cent in at least two out of the three-year period 1981-1983;

6. For regional IPFs the supplementary criteria enumerated in decision 80/30, paragraph 10 shall apply;

7. Strongly urges all countries, especially those who have hitherto made only relatively modest contributions to increase their voluntary contributions at a level necessary to maintain the momentum of the programme in accordance with paragraph (6) of its decision 80/30 and further urges those countries whose contributions to UNDP expressed as a percentage of official development assistance is below the average of the contributions of such countries, to use every effort to increase their contributions so that their percentage shares may also increase;

8. Countries with per capita GNP of between \$1,500 and \$2,000 would exert their best efforts to increase gradually their annual regular contributions so as

to reimburse partially on a voluntary basis as great a proportion as possible of the UNDP-financed programme, using the annualized IPF as a reference;

9. Countries with a 1983 per capita GNP of between \$2,000 and \$3,000 and island-developing countries referred to in paragraph 5 (d) (iv) above would gradually increase their annual regular contributions on a voluntary basis so as to reimburse partially the UNDP-financed programme in order to reach from the year 1987 onwards, on an annual basis: (i) a ratio of contributions of at least 75 per cent of the 4th cycle annualized IPF and (ii) at least 75 per cent of the cost of the international staff of the UNDP field office, excluding the Resident Representative; this in addition to the contribution to local office cost to be made by Governments as agreed upon in accordance with the Standard Basic Agreement or similar agreements. The Administrator shall enter into consultations with these countries in order to reach an agreement with the Governments as to how the targets will be reached;

10. Recognizes with appreciation that certain recipient developing countries with a per capita GNP above \$3,000 have achieved or expect to achieve voluntary net contributor status during the third cycle, and calls upon them to continue to do so in the fourth cycle;

11. (a) Notes that certain recipient countries with 1983 per capita GNP above \$3,000, excluding island developing countries with a population in 1983 of less than one million and with 1983 per capita GNP between \$3,000 and \$4,200 in 1983 prices, have not yet achieved net contributor status, and in order to do so calls upon the Administrator to negotiate with Governments as defined below an amendment to the Standard Basic Agreement or similar agreements incorporating measures to ensure contributors equivalent to:

(i) The IPF expenditure in each year;

(ii) The cost of the UNDP field office as determined in consultation with host Government and as incurred in each year, excluding the cost of the Resident Representative; in determining such local cost there shall be deducted costs which are not related to the delivery of the IPF programme;

(b) Requests the Administrator to report to the Council at its thirty-third session on the results of the negotiations referred to in (a) above;

(c) Commencing with the year 1987, the Administrator shall determine the difference in each year between the contributions made by the Government both the programme and to the cost of the local office on the one hand, and on the other, the IPF delivered together with the cost of the UNDP field office, as defined in paragraph 11 (a) (ii) above. The deficiency, if any, in each year shall be deducted from the IPF available for the rest of the cycle commencing with the year 1989.

(d) The Administrator shall in each year monitor the position so as to ensure that the deficiency of an individual country at no time exceeds its IPF remaining unspent.

(e) Contributions referred to in paragraph 11 (a) through (d) above shall mean contributions in the currency in which UNDP made payments.

(Contributions above expenditures paid by UNDP in local currencies shall be paid as much as possible in convertible currencies.)

12. The Administrator shall report at the mid-term on the extent to which the arrangements in paragraph 8 to 11 above have been fulfilled;

13. Decides that the IPF for National Liberation Movements shall be increased in the same proportion as the total increase of IPFs for countries with a per capita GNP below \$750;

14. Decides, taking into account the special circumstances relating to the situation of Namibia, to increase, on an exceptional basis, the fourth cycle IPF for Namibia, as determined by the criteria for calculating country IPFs above, by 50 per cent;

15. Decides to maintain, wherever possible, ongoing sub-regional projects aimed at enhancing multi-island co-operation and therefore, without prejudice to the allocation of regional IPFs, to allocate an amount of \$2.5 million for a separate IPF for this purpose for the fourth programming cycle;

16. Reconfirms that 1.24 per cent of total resources during the fourth cycle will be allocated to specific activities to be financed under the Special Programme Resources (SPR). In addition to the above resources for the SPR an amount of \$US 20 million will be allocated to the SPR from the resources set aside for increase in the Operational Reserve;

17. Requests the Administrator, in administering the programme that in all circumstances, programme commitments are kept within foreseen available resources and that if mobilization of resources fall short of the target set in paragraph 3 above there will be a flat across-the-board percentage reduction in all IPFs in supercession of any criteria that may interfere with the share of the respective countries. The same principle shall apply to other programme elements, subject to the Governing Council's decision on UNDP's biennial administrative budget.
