Thirty-fifth session  
6 June – 1 July 1988, Geneva

COMMUNICATION FROM THE GROUP OF 77

The Permanent Representative of Tunisia to the United Nations, acting in his capacity as Chairman of the Group of 77, has requested the President of the thirty-fifth session of the Governing Council to circulate the present document as an official document of the current session of the Council. This document is being distributed according to this request.
1. The Group of 77 attaches high importance to the operational activities of the United Nations system in general and in particular to the United Nations Development Programme (UNDP) as the most important programme in terms of financial capacity. The Group considers that UNDP has played an important role in supporting the developing countries in their efforts for the attainment of self-reliance and the reactivation of their development process, and should continue to do so.

2. In this regard, the Group of 77 wishes to emphasize the validity of the tripartite character of the Programme as contained in the mandate of UNDP, in particular General Assembly resolution 2688 (XXV) ("the 1970 Consensus"), which underlines the basic principle of country programming - including regional, interregional and global programmes - and ensures that recipient countries themselves determine their own priorities and needs and further ensures that the allocation of the resources of the Programme be applied accordingly. The Group of 77 is convinced of the need to preserve this mandate of the Programme in both its letter and spirit.

3. The recipient countries have always acknowledged the high quality and neutrality of the technical assistance and co-operation provided by UNDP. The preservation of this basic characteristic is essential in maintaining the confidence of developing countries in UNDP.

4. In this connection, the Group of 77 wishes to take the opportunity to express its grave concern that the basic characteristics of the Programme referred to above are apparently being eroded by certain new developments within UNDP, i.e., modified programming methods and the allocation as well as the distribution and management of resources, which deviate from the 1970 Consensus. These developments impose on the recipient Governments a set of practices that neither conform to the priorities of developing countries nor explicitly recognize and respect the sovereign right of developing countries to make their own decisions concerning the management and utilization of resources from UNDP.

5. Even though the Group of 77 agrees that the Administrator of UNDP should have some flexibility in order to deal with contingencies, the Group feels that the proposal to allocate non-indicative planning figure (IPF) resources at the disposal of the Administrator for selective use outside the Programming process will weaken the fundamental consensus underlying UNDP and could divert the Programme from the needs of the recipient countries.

6. In addition, as a technical assistance organization within the United Nations, UNDP should ensure that technical co-operation is rendered in a manner that avoids conditionality. The Group is concerned that the increasing links between UNDP and the World Bank, in particular the International Finance Corporation (IFC), and the expansion of UNDP activities in areas of macro-economic policy may lead to a situation where grant assistance to developing countries is provided in a framework of conditionality associated with policy prescriptions and performance criteria defined by these institutions and the International Monetary Fund (IMF). The Bretton Woods Institutions are already engaged in pressing for macro-economic policy reform in developing countries; even though it is an important area, it must be recognized that it is also an extremely sensitive one. The need for improved co-ordination should not serve as a pretext for increased conditionality and policy prescriptions. UNDP should therefore be cautious in
expanding further its activities in this area and in linking United Nations operational activities for development with capital lending. Here it may be recalled that General Assembly resolution 42/196 in paragraph 18 "Invites the governing bodies of the organizations of the United Nations system that provide grant assistance for technical co-operation to report to the Economic and Social Council on the content and nature of their current and prospective co-operation with the World Bank, including the criteria for the selection of the Bank as an executing agency and also indicating whether project agreements for World Bank-executed projects differ in character from those for projects executed by other United Nations agencies".

7. Finally, the Group of 77 would like to voice its serious concern on the Administrator's initiative to promote certain selective areas and to establish "priorities" such as the private sector, which have neither been approved by the Governing Council nor by the General Assembly. These "priorities" are sometimes imposed on national, regional and interregional technical assistance programmes, thereby diverting scarce financial resources from "priorities" identified by recipient countries themselves. Unless these "priorities" are pursued in the context of priorities of recipient countries, they represent a serious departure from the 1970 Consensus and the basic tripartite framework of the functioning of UNDP.