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GOVERNING COUNCIL

Thirty-fifth session

SUMMARY RECORD OF THE 15th MEETING

Held at the Palais des Nations, Geneva  
on Monday, 13 June 1988, at 10 a.m.

President: Mr. MANGWAZU (Malawi)

CONTENTS

Annual report of the Administrator for 1987

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The meeting was called to order at 10.15 a.m.

ANNUAL REPORT OF THE ADMINISTRATOR FOR 1987 (agenda item 3) (DP/1988/18, DP/1988/18/Add.1, DP/1988/18/Add.2, Parts I and II, DP/1988/18/Add.3, DP/1988/18/Add.4, DP/1988/18/Add.5, DP/1988/18/Add.6, Parts I and II (English only))

1. The PRESIDENT said that the high-level segment of the session would enable the members of the Governing Council, confronted as they were by the so-called crisis of co-operation, to renew their consensus and enhance multilateral aid for development.
2. Mr. DRAPER (Administrator, United Nations Development Programme) said he considered that UNDP's activities had achieved positive results in 1987. For the second successive year, UNDP's income had again reached record levels; estimated income, for the main programme, cost-sharing arrangements and contributions to trust funds under UNDP administration, had come to \$1.13 billion. A number of countries - particularly the Nordic countries, the Netherlands and the Federal Republic of Germany - had substantially increased their national currency contributions. For their part, the developing countries had made significant contributions in relation to their means, particularly in the case of India, Somalia, Tanzania and Guatemala.
3. In 1987 UNDP had approved 1,978 new projects, up 29 per cent from 1986. In addition, thanks to the Action Committee which had been established in October 1986 and which pronounced on major projects before they were presented to Governments, large-scale projects had been processed more quickly and had also been better designed. Project expenditures had risen steadily for the previous three years and the acceleration of delivery had enabled UNDP, in 1987, to field almost 8,500 international experts and consultants and almost 5,000 national experts. The proportion of national experts had increased and self-reliance had made substantial progress.
4. UNDP continued to be active in all areas, including natural resources exploration, the struggle against drought and desertification, aid for basic development in the least developed countries, the creation of small businesses, the investment of catalytic seed money in income-generating projects for women, support for non-governmental organizations under the Partners in Development Fund, and technical co-operation among developing countries. UNDP had continued to send advisers on short trouble-shooting assignments, to encourage the transfer of know-how through expatriate nationals (TOKTEN programme) and to broaden the scope of certain types of activities, particularly technical assistance for economic policy planning and management. UNDP had helped countries as diverse as Bangladesh, Bolivia, Ghana and Sri Lanka to develop more effective tax policies designed to encourage the private sector; in Africa, UNDP, the World Bank and the African Development Bank had established a \$10 million facility to assess the social impact of structural adjustment programmes. In the South Pacific, UNDP had organized round-tables, and had initiated a multi-island advisory and training programme in coconut production and by-product processing; it had also launched a new regional project involving 21 countries with a view to strengthening civil aviation security. In the Middle East, UNDP had helped the Palestinians living in the West Bank and Gaza Strip to raise their standard of living, in particular through the building of hospitals and the

training of doctors. Finally, UNDP continued to stress environmental considerations and, in 1987, had established an environmental co-ordination group in the Bureau for Programme Policy and Evaluation.

5. He wished to make it clear that UNDP had not worked alone and to pay tribute to the agencies which had executed the great majority of its projects. Such joint and, often multisectoral action had proved particularly fruitful in the partnership effort, with WHO performing the lead role, to halt the spread of AIDS throughout the developing world and in programmes under the leadership of the United Nations High Commissioner for Refugees to facilitate the repatriation and reinstallation in their country of 5 million Afghan refugees. Before participating in an evaluation mission in the field, UNDP had initiated an inter-agency meeting with a view to identifying broad short-run emergency needs for returning the Afghan refugees and providing a longer-term perspective for development. The Secretary-General had just appealed to the member countries of the Governing Council for \$1.2 billion in emergency assistance and \$840 million in longer-term development assistance for returning Afghan refugees. In Central America, the Secretary-General had called on UNDP to help devise a special plan of economic and social co-operation, at an estimated cost of \$4.3 billion, to underpin the peace initiatives recently undertaken in the region. Lebanon was another example of a country where a continuing emergency situation demanded increased UNDP attention and resources.

6. In Africa, particularly in the Sudan, Ethiopia and Mozambique, emergency conditions continued to overshadow UNDP's basic role of long-term development. In a continent with vast natural and human resources, UNDP was currently obliged to concentrate on combating the consequences of the underemployment of those resources, of drought and desertification, of swarms of locusts, the demographic explosion and civil strife.

7. UNDP's growing and innovative aid to the African countries had led it to organize more frequent National Technical Co-operation Assessment and Programmes (NaTCAPs) as well as round-tables where UNDP played the role of lead agency; 27 African countries had already opted for NaTCAPs as their aid co-ordination mechanism. Because of the increase in workload and responsibilities, the Administrator had asked the Governing Council to approve a supplementary budget of \$7.8 million per year which would be used to strengthen UNDP operations by adding macro-economists and national officers to its field offices and to increase headquarters staff modestly.

8. UNDP currently had unprogrammed resources which, if IPFs remained unchanged, should reach an estimated figure of approximately \$676 million by the end of the cycle. That was attributable to the generous support of contributors and also to the drop in the value of the dollar in relation to the currencies of a number of major donors. The Governing Council would need to take three important decisions on the issue of programme resources. It would first require to authorize UNDP to plan its activities on the basis of the availability of the resources forecast; otherwise UNDP would not have a secure basis on which to operate. The Governing Council must also take a decision on the Administrator's proposal to allocate 75 per cent of non-programmed resources to IPFs and 25 per cent to Special Programme Resources (SPR). The latter would accordingly be increased by \$150 million,

of which \$70 million would be intended for the management facility. Finally, the Governing Council would have to decide on how to allocate \$450 million among various IPF recipients.

9. The assistance which would be provided by the management facility should be only a small part of the financial support which the international community must provide to enable the developing countries to cope effectively with structural adjustment and their development programmes. The Administrator would call on the World Bank, other multilateral financial institutions and bilateral donors to supplement their lending programmes with grant assistance which the recipient countries could apply for the effective use and management of the money they were borrowing. UNDP realized that development assistance alone could not meet a country's development needs. Aid funds must be used to nourish and stimulate the other elements of development; in that connection, the Administrator's report for 1987 emphasized the contribution which the private sector could make to economic and social growth. He wished, however, to stress that UNDP would not provide assistance to the private sector if, for example, the interested Government did not expressly request such assistance. He was firmly committed to the 1970 Consensus and to country programming and wished to reiterate that national priorities were established exclusively by beneficiary Governments, were sovereign on the issue.

10. A choice must be made among a number of themes for the Administrator's next annual report, namely: technical co-operation among developing countries, science and technology, the role of women in development and urbanization in the developing countries. He would also welcome suggestions from the Governing Council.

11. In the immediate future, the Governing Council, pursuant to General Assembly resolution 42/196 on operational activities for development, was required to report to the Economic and Social Council regarding its response to the Jansson report and other important questions, such as UNDP co-operation with the World Bank, procurement in developing countries and support costs of the executing agencies.

12. In the longer term, there was a need to review some issues relating to the ability of UNDP itself to respond effectively to the ever-changing environment of development. Should UNDP assume a greater role as an aid co-ordinator and did beneficiary or donor Governments want UNDP to play such a role? What should the scope of the Programme be and should it not only respond to the elementary needs of the least developed countries but also furnish far more complex services to developing countries which were already industrialized? How could timely delivery be maintained when projects were becoming increasingly technical and when high-level consultants had become too expensive for the United Nations? UNDP expected to work closely with the specialized agencies but, with an accelerating move towards Government execution and closer collaboration with non-governmental bodies, the question arose whether there should be a new division of labour between Governments, agencies and UNDP with agencies starting to concentrate on the execution of specialized projects. How would UNDP be able to recruit the high-calibre staff that the next decade would demand when the United Nations salary system prevented it from being competitive in the market for talent? Was UNDP thinking too small about resources and should it not try to triple the size of the Programme before the year 2000? Would UNDP serve the interests of the

developing countries better by allocating several billion dollars to strengthening its self-supporting management services or would such a trend detract from the core programme and the multilateral nature of its operations? How could UNDP enhance its role in the area of human resources? What part, if any, should UNDP play in helping alleviate the debt burden of the developing countries?

13. UNDP was aware that it must address itself to some broader issues of development and would welcome the wisdom of the Governing Council on them. The first problem was that of unemployment and underemployment: globally it was estimated that 700 million jobs must be created in the developing countries between 1980 and the year 2000; that was more jobs than currently existed in the entire industrialized world. What role should UNDP play on that issue? The second problem was that of poverty: in the third world the incomes of hundreds of millions of people were below the poverty threshold. Statistically the problem had reached alarming proportions; what could UNDP contribute to its solution? The third problem resulted from the gravitation of the poor towards urban centres: in the year 2000, most of the mega-cities with more than 10 million inhabitants would be in the third world. There again, what role could UNDP play in alleviating the socio-economic effects of the situation? He would welcome the views of the Governing Council on such issues.

14. Mr. CAMERANA (Italy) said that the creation of a programme management facility proposed by the Administrator was related to the mid-term review of resources for the fourth programming cycle, since it depended on the use made of the \$600 million that would become available at the end of 1988. The Administrator had presented a very realistic scenario and forecasts for the balance of the 1987-1991 programming cycle. The Italian delegation therefore recommended that the Council should adopt that plan as a basis for the reallocation of available resources. It would also like a sizeable part of those resources to be set aside for a substantial increase of the Special Programme Resources (SPR). The proposed reallocation scheme went considerably beyond that set forth in decision 85/16, but since 1985 the situation had developed very rapidly and UNDP had to respond to the new requirements of the developing countries, particularly in Africa. The Italian Government wished substantial new credits to be released to help the Governments develop their capacity for disaster management, and additional credits to be earmarked for technical co-operation among developing countries. It recommended that the Council should approve the allocation of \$70 million for the establishment of the management facility proposed by the Administrator. The Conference of Ministers of the Economic Commission for Africa had endorsed the creation of that facility and had called upon the international donor community to match UNDP funds so that it should be set up as soon as possible. The Council should nevertheless make sure that conditionality did not become a feature of UNDP's mode of operation; it should design an organizational set-up for that facility, increasing the cohesion between the facility and the activities which UNDP already carried out in support of structural adjustment programmes. Lastly, it should define the terms of reference of the facility in such a way that UNDP's role would be clearly specified and would not encroach upon that of the World Bank and IMF. Whatever the Council decided about the proposed facility, UNDP could not be kept out of activities in support of structural adjustment programmes. In Africa, Latin America and Asia, many countries receiving structural adjustment loans were already turning to UNDP for advice. With an initial funding of \$70 million, UNDP

could do much to help the developing countries minimize the negative effects of some of the requirements of the World Bank and IMF. His Government would consider giving financial support to the management facility if the Council decided to create it, and to allocate sufficient funds to ensure its viability.

15. The decisions that the Council would take concerning the review of the experience gained in the provision of management services would be bound to affect the UNDP's evolution in the years to come. At present Italy was examining with UNDP a whole series of projects that should substantially expand UNDP's role in management services, as well as increase the budget of the Office for Projects Execution (OPE). Italy was at the moment the country which contributed most to management services programmes. It considered that they constituted a general policy issue for the Council, and that the Council should express itself clearly so that UNDP would know whether it could pursue and expand its activities in that field. The Italian authorities were awaiting the conclusions of an independent evaluation study to decide, on the one hand, whether they should seek to make greater use of that modality in collaboration with international organizations such as UNDP for bilateral development projects, and, on the other hand, which international organizations were best suited to help Italy in that area. With regard to UNDP, the positive reports received by the Italian Government from recipient countries, from its embassies and from technical experts had led it to conclude that the management services modality could serve both donors and beneficiaries, provided, first, that the funds set aside for that activity were truly additional funds and, secondly, that the modality did not alter the multilateral character of UNDP as the chief funding agency for technical assistance. In fact, the management services modality should strengthen UNDP's capacity to orient, and in some ways co-ordinate, important parts of the bilateral programmes of donor Governments. The decisions of the Council on that question would also make it possible to determine whether OPE should continue to expand. Since OPE was already the fifth largest United Nations agency, the Italian delegation endorsed the Administrator's proposal to upgrade the post of Director of OPE.

16. UNDP was evolving rapidly and the Council should not be afraid of supporting that evolution, if necessary by altering previous decisions. The Italian delegation did not believe that a billion-dollar programme like UNDP should be curtailed on the pretext that the expansion and/or evolution of an international organization entailed risks and might have unforeseen consequences.

17. Mrs. SKARD (Norway) said that Norway attached great importance to the question of UNDP's place in the multilateral development system: UNDP was operating in a constantly changing environment, and it was necessary to define more clearly the respective areas of competence of UNDP and the different institutions so as to reflect their distinctive qualities and avoid the waste of resources.

18. There were no clear-cut answers to those questions. Norway believed that UNDP had an important role to play as the central funding and co-ordinating organization for United Nations technical assistance. Unfortunately, in carrying out its mandate UNDP had had difficulties, which could be attributed to a lack of political and financial backing from member States. The rapid increase of agencies and funds within the multilateral development system had made co-ordination even more difficult. The need for a coherent approach to

development assistance had therefore never been greater. The Norwegian delegation welcomed the Administrator's decision to establish an internal task force to examine UNDP's future role. UNDP might also consider consulting eminent persons who were knowledgeable about the problems of multilateral development. In her opinion, that dual effort of reflection could serve as a basis for discussion in the Council on UNDP's future role within the multilateral development system.

19. With regard to the themes with which the Administrator was planning to deal in his future annual reports, she thought that a report on the role of women would undoubtedly be particularly useful in the near future, either as a special theme or as part of a report on the fight against poverty.

20. The creation of a better environment for private enterprise was the main theme for the Administrator's annual report for 1987. It was also the subject of a document dated March 1988 which UNDP had sent out to all its Resident Representatives. In the Norwegian delegation's opinion, that document raised questions of general policy on which views might differ from one member country to another, and it should therefore have been submitted beforehand to the Council. It was high time for the Council to define more precisely what role UNDP should play in that area and how it could complement the efforts of the multilateral financial institutions.

21. When the role of the private sector in the development process was examined, it had to be borne in mind that the people's participation in the formulation and implementation of development programmes and projects was fundamental to the success of those activities. In that perspective, the development of the private sector became a means to an end and not an end in itself. Norway, which had based its development on a mixed economy, knew the importance of stimulating private initiative as a vehicle for development. As for the public sector, its role, in her view, was to promote personal and private initiatives by providing them with a framework and the necessary infrastructure. The Norwegian delegation supported the idea that UNDP should assist the national authorities to create a favourable environment for the development of private initiative and the increase of production and productivity in conformity with each country's policies and priorities.

22. Letting the multilateral financial institutions focus primarily on the macro-economic level and the creation of a better overall environment for private investment, UNDP should concentrate on the promotion of local private initiatives. To that end, it could give support to the development of public and semi-public institutions and infrastructures and set up employment-generating schemes and credit programmes.

23. Some UNDP recipient countries were implementing structural adjustment programmes. The Norwegian Government, although it recognized the need for such programmes, was concerned over the fact that they had often had adverse social consequences resulting from expenditure cuts in vital social services such as education, health services and food subsidies. In its view, too little attention had been paid to that aspect of structural adjustment. UNDP should concentrate its efforts on building necessary institutions and on the development of human resources, which were the prerequisites of self-reliance. It should also advise the national authorities on how to include measures in the country programmes that cushioned the negative impact of structural adjustment on the poorest segments of the population.

24. With regard to the distribution of UNDP's resources among countries, the Norwegian delegation had already stressed that in allocating UNDP's resources the relief of poverty should receive preference. Although her delegation generally approved the existing distribution formula for resource allocation to favour poor countries, it wished to know how far those resources were channelled to activities designed to improve the lot of poor and vulnerable groups: among others, women and children.

25. As the World Commission on Environment and Development had noted in its report, the general deterioration of the environment and the exploitation of natural resources imperilled the very foundations of future development. According to the Commission, a universal sustainable development necessitated fundamental changes in policy and a revival of multilateralism. Given its central co-ordinating role in technical assistance, UNDP had a crucial contribution to make in that respect, especially within the system of country programming. Many governing bodies of United Nations organizations had adopted follow-up decisions to General Assembly resolution 42/187 on the Commission's report and resolution 42/186 on the UNEP Environmental Perspective for the Year 2000 and Beyond. The Norwegian delegation believed that the Governing Council should follow that example.

26. Mr. QIAN Jiadong (China) said his delegation was pleased to note that, during the previous year, UNDP had made progress in improving programme management, accelerating project implementation, mobilizing and increasing resources, strengthening aid co-ordination and raising efficiency. The increase in UNDP's resources was, however, largely due to the depreciation of the United States dollar and, if that factor was excluded, the resource increase in real terms was only 6 per cent, falling short of the 8 per cent yearly growth target set in Governing Council decision 85/16. His delegation therefore appealed to the international community and the developed countries in particular to increase their contributions to UNDP.

27. According to the note by the Administrator concerning the mid-term review of resources for the fourth programming cycle, programmable resources in the amount of \$600 million were available for the rest of the cycle. The Chinese delegation, in co-operation with other delegations, was prepared to work out the best possible plan for sharing those resources.

28. During the previous year, thanks to the efforts of the Administrator, programme management and delivery had taken on a new face. For the first time in UNDP's history, IPF delivery during the first year of a new cycle had been higher than that achieved during the last year of the preceding cycle. Moreover, the project delivery rate for 1987 had reached 75 per cent. Such results reflected praiseworthy progress in UNDP's management. Nevertheless, programme formulation and approval procedures continued to be tedious and over-elaborate, thus severely hindering a higher delivery rate. China hoped that UNDP would pursue its efforts to reform management, streamline procedures and increase efficiency.

29. The Consensus of 1970 and the new dimensions in technical co-operation adopted in 1975 represented the basic principles which UNDP must continue to apply scrupulously in promoting international development assistance and the economic progress of the developing countries.

30. Government execution of projects was an important component of those principles. The idea had made rapid progress: currently, almost 20 per cent of UNDP projects were executed by Governments. It was a formula which had found favour with many Governments because it played a positive role in enhancing the capabilities of recipient countries in self-reliance, while costing less and producing quicker results. There were obviously other modalities for project execution and it was neither possible nor desirable that they should be excluded. For their part, recipient Governments should make the best possible use of the advantages and services of the United Nations executing agencies and strengthen collaboration with them with a view to achieving better project execution. The administrative support given to Government execution had, of course, increased the workload and costs of headquarters services. Since, however, it was an important component of international technical co-operation, that increased cost should be regarded as part of regular support costs rather than as an additional burden.

31. The promotion of technical co-operation among developing countries (TCDC) was another important task for UNDP. Since the adoption of the Buenos Aires Plan of Action in 1978, that form of multilateral co-operation had made encouraging progress. Multilateral South-South co-operation had been of great significance in strengthening the capability of the developing countries for collective self-reliance. China hoped that UNDP and the developed countries would provide additional financial support to strengthen TCDC.

32. In the modern world, the progress of a country or an international body necessitated readjustment and reform. China had noted with pleasure that, since his assumption of office, the Administrator had followed that path energetically, by actively exploring new dimensions of international co-operation, strengthening development co-operation with non-governmental organizations as well as with the private sector, and supporting the role of women in development. In specific historical circumstances, the public sector and the private sector could each play a role. So long as the wishes of the recipient countries were respected, UNDP could play a positive part in supporting the private sector in its involvement in development under the overall arrangements of the recipient countries. China, for example, was undertaking deep economic structural reform, was opening up to the outside world and was gradually establishing a system of ownership comprising diverse components and forms, with public ownership remaining predominant. His Government was willing to explore with UNDP the possible forms and modalities of co-operation in the area of the private sector.

33. In recent years the development of Africa had become an issue of widespread concern to the international community. The deterioration of the international economic environment, wars and natural disasters had thrown tens of thousands of Africans into starvation and misery with the result that the United Nations General Assembly had adopted the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990. China supported UNDP's efforts in formulating the African country and intercountry programmes and in increasing programme delivery; it also supported the priority areas and the financial arrangements of the assistance programme identified in the Programme of Action. His delegation appealed to the international community to make greater contributions to the Programme.

34. The increasingly serious world economic situation had aroused anxiety in many countries. The crisis had been reflected in the developing countries by declines in their export earnings and increases in their debt burdens, which together represented overwhelming economic problems. To revive their economies, a number of developing countries were groping for development strategies that were best suited to their particular conditions. In that connection, they needed more effective assistance from the international community. It was therefore important that UNDP should improve its management, mobilize more resources, diversify its technical co-operation and find new means for promoting the economic development of the developing countries and of the world as a whole. Against that background UNDP could be assured of the support of the Chinese Government.

35. Mr. WHEELER (Organization for Economic Co-operation and Development (OECD)) said that the Development Assistance Committee (DAC) of OECD, of which he was Chairman, had started a process of looking at the medium- and longer-term future of development assistance in terms of growth, equity and sustainability. On the issue of growth, there could be no argument that, without massive increases in production, there would be no way of meeting the needs of a world population which would double in the course of the next century. Without equity, that was to say without the participation of all elements of society, whether men or women, old or young, rural or urban, the human race would not be able to achieve what it wanted - a world in which the worst aspects of poverty had been eliminated. Nor could growth of the magnitude required be achieved without offering individuals the possibility to develop further and make more use of their individual capacities. Sustainability was not a new concept, but it had recently acquired new prominence for two reasons. First, in evaluating the work accomplished during the previous 40 years, the DAC had come to realize that, too often, project design had been defective so that short-term gains were not maintained; programmes had proved to be too expensive to continue once outside help was gone. The second aspect of the problem was, of course, the question of environmental sustainability.

36. The members of the DAC were engaged in a search for agreement on principles for project appraisal. So far, agreement had been reached on certain essential sustainability criteria, namely: a conducive policy environment; clear and realistic goals; project design corresponding to managerial and technical capacity; affordability in terms of initial, operational and maintenance costs; active involvement of local authorities and target groups, including women; choice of appropriate technology; a realistic time-frame; adequate maintenance and support systems; compatibility with domestic socio-cultural environments; and environmental sustainability.

37. All parties in the development process needed to take the question of sustainability more seriously, as it was critical to the efficient use of scarce resources.

38. The donor community had become increasingly convinced of the need to assess projects carefully from the point of view of environmental sustainability. Both in donor and recipient countries, the political will for dealing more effectively with environmental issues had grown rapidly over the past several years. The time had come to take action: it was necessary to

have data relating to the environment and, in that connection, the Global Resources Information Database, with its technical centre in Geneva, would shortly be providing developing countries with an enormous amount of useful information. But in order to receive, analyse and use that information, those countries would need the assistance of UNDP and UNEP. Bilateral donors would certainly be prepared to participate. UNDP, UNEP and donors could also help countries to prepare national strategies for the protection of nature and natural resources and to prepare environmental impact assessments in project planning.

39. In conclusion, the quest for sustainability in the development process would be of increasing importance in the future. Science would help to use resources more efficiently and to study the impact on the environment of the activities of mankind. But beyond science, what was needed was political will, good management and strengthened institutions. Growth must be achieved with the participation of all, in such a way that development was sustainable; the common future of mankind was at stake.

40. Mr. OLSEN (Denmark) said that, following 20 years of effort, the coherence and efficiency of the development activities of the United Nations system had improved thanks in particular to the Indicative Planning Figure (IPF) system and country programmes which had made it possible to adapt UNDP assistance systematically to the priorities established by recipient countries. The problems of coherence and co-ordination in United Nations activities varied from one country to another. In countries where the United Nations development system played a relatively minor role or where the co-ordinating capacity of the recipients was such that there was no reason for the system to become involved, the current way of doing things might be adequate. In other countries, however, particularly those where needs were greatest and the capacity for co-ordination weakest, there were indeed major problems. In such cases it might be desirable to integrate the field system under the authority of the Resident Co-ordinator with the aim of setting up a country programme which would encompass the aid efforts of all parts of the United Nations development system. In the view of his delegation, the necessary strengthening of coherence and efficiency required the creation of an adequate and smoothly functioning field structure.

41. There was, however, an alternative to that approach, namely, to recognize that efforts made over the previous 20 years not only had not led to sufficient results but were not likely to do so, partly because of the insufficient resources made available to the Programme. It would follow that UNDP should concentrate its activities on fewer areas where it had a clear comparative advantage, such as building and strengthening administrative capacity, human resources development and institution-building and should no longer aspire to have a central co-ordinating role with the other elements of the system.

42. It might one day be necessary to choose between two alternatives, either strengthening the co-ordinating role of UNDP or giving it more limited specific tasks; it would, however, be premature to abandon efforts to make UNDP what it had originally been intended to be, namely, the central United Nations development institution. General Assembly resolution 42/196 had given some basis to think that something might perhaps happen. His delegation looked forward with interest to the analysis by the Director-General of the issues relating to the implementation of the central funding concept.

43. It was frequently said that co-ordination began at home. That was true for member countries in the various relevant forums but it also applied to the United Nations. He welcomed the creation of the Joint Co-ordinating Group on Policy which had established a more intensive dialogue between UNDP, UNFPA, WFP and UNICEF. If it was to lead to more concrete results, that initiative must be extended to the field and must also imply a strengthening of the role of the Resident Co-ordinator in the four programmes concerned, both in regard to field administration and in the country programming process.

44. The Governing Council had to decide how to deal with the fourth cycle surplus which had arisen notably from the decline in the value of the dollar. It must also keep in mind how to avoid similar situations in the future. Careful planning implied that the magnitude of surpluses and deficits should be limited. There was no guarantee that there would not be a repetition of the considerable exchange rate fluctuations which had been witnessed in the past. A partial solution to the problem would be to draw up country programmes in SDRs rather than in dollars. With regard to the use of the current surplus, his delegation welcomed the increase in Special Programme Resources (SPR) proposed by the Administrator. One major lesson of the current decade was that needs changed so that greater flexibility was needed than that which was contained in a more or less fully earmarked programme for a five-year cycle. Structural adjustment was an excellent example of a need which had not been fully foreseen in 1985.

45. The prominent place given in the Administrator's report to the problems connected with structural adjustment was fully justified. UNDP could and should play an important role in strengthening the capacities of the developing countries to draw up policies for structural adjustment and for negotiating such programmes with the International Monetary Fund and the World Bank. It was of the utmost importance that adverse social effects of structural adjustment programmes should be minimized, particularly in the poorest countries. Denmark had noted with interest that the recent ECA Ministerial Conference had adopted a resolution in which it had requested the Administrator of UNDP to establish a management facility for African countries as soon as possible.

46. In his report, the Administrator had drawn attention to a number of important areas where UNDP could and should make a contribution. For example, it was clear that UNDP had a special role to play in the establishment of institutions for economic policy planning and management. His delegation noted with interest that UNDP was contributing to a variety of programmes in Argentina (DP/1988/18, para. 10). It was worth noting that, even in a middle-income country with a considerable educational infrastructure and professional expertise, UNDP could make a worthwhile contribution. In the field of the environment, UNDP could play a catalytic role which went considerably beyond what was indicated by the relatively small amounts involved. The Danish delegation had singled out two other issues, namely: the private sector and technical co-operation among developing countries.

47. The private sector could clearly have an important and constructive developmental role to play. The role varied from country to country according to traditions, policies, priorities and objectives. Denmark welcomed the idea of encouraging, through country programmes, the participation of the private sector in stimulating economic and social progress, but it was aware that not all developing countries shared that belief to the same degree. Over-emphasis

on the importance of the private sector created the risk that that sector would become an ideologically contentious issue. It would be a matter for regret if the Administrator's well-intentioned efforts became counter-productive.

48. Technical co-operation among developing countries was not an aim in itself but, rather, a means to maximize the use of scarce resources. Developing countries had a lot to learn from one another. Moreover, several developing countries had established considerable aid programmes and it was not uncommon for recipient countries to earmark part of their IPF for TCDC purposes. In that context, UNDP's institution-building efforts were directly relevant: it was partly thanks to UNDP that the institutional infrastructure of many developing countries had improved in both quantitative and qualitative terms. The capacity for increased TCDC was in place. For example, it was frequently not only cheaper but also more effective for scholarships to be given for studies in other developing countries rather than in industrialized countries where the education might also be less relevant. With regard to the recruitment of experts, there was also scope for increased TCDC. On occasion, the experience gained in other developing countries was far more relevant to the needs of recipients than was experience gained in industrialized countries: good examples were family planning and the general transfer of appropriate technology.

49. Technical co-operation among developing countries would typically consist of aid from less poor developing countries to the poorer countries. Whenever the aid activity was financed from a source other than the country from which the technical assistance input came, it was a prerequisite that the result sought should not be available at less cost elsewhere. The interests of the recipients must be the primary concern; there must also be open competition for aid services. His Government was therefore opposed to earmarking specific proportions of multilateral aid programmes for TCDC purposes. There was scope for increased TCDC activities and his delegation urged UNDP and the executing agencies to increase their efforts to identify possibilities for more such activities. Although it was possible to increase multilateral financing of TCDC activities, those activities should be viewed as a matter to be settled between developing countries and the role of the multilateral institutions, in particular that of UNDP, should be more that of an intermediary than that of a financing institution.

50. In conclusion, his delegation reiterated that something would have to be done to give more coherence to the United Nations development system and to strengthen the central co-ordinating role of UNDP in that system. UNDP must clearly also have sufficient resources at its disposal to be a serious partner in development co-operation. His Government was glad to give its contribution but it seemed anomalous that a country like Denmark, with only 5 million inhabitants, should be the fourth largest overall contributor in 1988 and the fifth largest donor to the core programme of UNDP. Without more resources, there would be no central co-ordinating role for UNDP and the choice between two roles would not arise.

51. Mr. LEVITTE (France) said that in taking its decisions the Governing Council need only rely on a few basic texts, extending from the 1970 consensus (General Assembly resolution 2688 (XXV)) to General Assembly resolution 42/196 on operational activities for development. The Council should continue to adhere to fundamental concepts while adapting UNDP to the requirements of the

times. In addition, it should not forget that the main decisions it was called upon to take, although they might be essentially financial, also had a political impact.

52. When the member countries of the Council had drawn up the main policy lines of the fourth programming cycle in 1985, they had taken the best compromise decisions which it had then seemed possible to take in the interests of fairness, setting aside the bulk of the funds for the least developed countries. Although the member countries had known that their calculations were based on incomplete data, they had nevertheless distributed the indicative planning figures on the basis of criteria which it was not now appropriate to challenge. It would be sensible to distribute the surplus resources of the IPFs proportionally to existing IPFs, rather than to renegotiate the criteria established in decision 85/16. With regard to the resource outlook and resource utilization, he endorsed the prudent proposals by the Administrator in paragraph 26 of his report on the mid-term review of resources (DP/1988/26).

53. The excess funds which the Council was called on to distribute were due partly to the perverse effects of an accounting method based on the principle of a stable dollar, notwithstanding the sharp fluctuations in the dollar's value. The depreciation of the dollar combined with the fact that IPFs were calculated in that currency alone had unfortunate consequences for the recipient countries, although they were differently affected by that erosion in purchasing power. In view of that unwholesome situation, he proposed that the Administrator should prepare a study on the way in which funding from net contributors and the purchasing power of the IPFs of the recipient countries were affected by fluctuations in the currency of account; that study would include the simulated adoption of a currency of account which was by definition more stable such as the Special Drawing Right (SDR). Another argument in favour of adopting a different currency was that the different scenarios set out in the Administrator's report were based on an approach to contributions different from that of the donors, who thought in terms of growth in stable national currency.

54. Noting that none of the nine scenarios presented assumed a further depreciation of the dollar over the next three years, he pointed out that what was at issue was not really a surplus but a part of the value of contributions that had been diverted from its purpose by the vicissitudes of the accounting system, and that its reallocation would only constitute a measure of adjustment, as the Administrator had moreover recognized. Furthermore, it was not certain that the same proportion of the surplus as that provided for by Council decision 85/16 had simply to be reincorporated into the IPFs.

55. Given the need for most developing countries to undertake structural adjustments, the international community should supply those countries which were bent on reform with the intellectual and technical resources they needed, without thereby increasing their debt.

56. In general, he considered that document DP/1988/26 contained a variety of proposals that should be taken up one by one and form the subject of separate decisions by the Council. A small working group might usefully examine their merits, which were moreover very uneven, so as to present for the Council's approval a number of final decisions based on the proposed new classification.

57. With regard to disaster relief, and especially UNDP Field staff training and preparedness activities, he noted that over half the funds earmarked for that purpose in the third programming cycle had not been used. Since they had been carried over to the fourth cycle there was no need for any additional appropriations in that area.

58. On the other hand, France fully endorsed an additional appropriation for activities relating to the co-ordination of international assistance to the least developed countries, in particular the organization of round-tables and of NaTCAPs. Indeed it was natural that the member countries of the Council should participate in financing that collective effort, and that it should be combined with that of the World Bank; it was similarly desirable that the specialized agencies should participate in co-ordinating an assistance which had sectoral aspects. However, the amount requested for the project formulation mechanism seemed rather too high, given the rate at which appropriations for that purpose were utilized. His delegation considered that the other activities which it was proposed to finance under that same heading should not be accepted in any case not under the section concerning Special Programme Resources. Lastly, in his view, TCDC should receive an additional credit in the same proportion as the IPFs. He could accept, under the conditions listed in decision 87/25, the allocation of an amount of \$5 million for contingencies.

59. With regard to the Administrator's proposal for the setting up of a programme management facility, he pointed out that the countries which were very poor in both human and financial resources undoubtedly encountered great difficulties in management, which the necessities of structural adjustment only brought out more sharply. Although the diagnosis was clear, the appropriate remedy remained to be found. However, the proposal presented (DP/1988/76) said nothing about the actions to be taken and very little about the human resources which UNDP planned to commit to it. He could not adopt a position without first receiving some further explanations, especially with regard to the administrative models proposed, accountancy arrangements, methods of organization of work and structures, decision-making tools, and the rules governing recruitment and pay. Would the administrative models be imported or reinvented on the basis of national realities? Would action be directed first at higher management, middle management or executing personnel, at administrative personnel or technical personnel? Would the services of the Department of Technical Co-operation for Development be called upon, or would experts from financial institutions, officials from other countries or private consultancy bureaux be mobilized, and at what price? What part would be played by expatriates, nationals and training institutions? In addition, he did not see how the three posts which it was proposed to establish would be enough to manage such an undertaking; at any event the extra burden on the Resident Representatives and their offices would have to be offset in terms of personnel. He was not sure that UNDP was capable of carrying out a task of that magnitude, on which it should reflect seriously with the Member States if it hoped to do something different with its funds than what was already being done by the World Bank.

60. France remained attached to the principles and modalities of action defined in the 1970 Consensus, which confirmed the role of the United Nations specialized agencies as executing agents of UNDP programmes. Now it appeared that those same agencies were viewed with some disaffection by UNDP. It should not be forgotten, however, that UNDP would be nothing without the

technical and economic expertise of its executing agents and that, conversely, the specialized agencies needed UNDP's financial resources, services and network. It was not good, therefore, for UNDP to seek in financial institutions, non-governmental organizations or private enterprises expertise which it could easily find, often at lower cost, in the specialized agencies with recognized competence, all the more so since it was difficult for intergovernmental agencies like UNDP to maintain balanced relations with private interlocutors. Initiatives calling upon the private sector should therefore be brought before the Council before they were set in motion. On the other hand, there was every reason to welcome the reinforcement of co-operation between UNDP and the World Bank, although some caution had to be exercised in that respect, so great was the competition between the two agencies in the field of technical assistance and so hazy was the Bank's conception of the complementarities to be established.

61. In conclusion, he expressed his conviction that it was by the fulfilment of the traditional tasks already entrusted to it that UNDP would best fit itself to expand its role in keeping with existing development requirements.

62. Mr. HANRATH (Netherlands) considered that it was high time to undertake an in-depth examination of UNDP, its place in the United Nations system and its comparative advantages and priorities, all the more so since greater cohesion, joint programming and better co-ordination of operational activities henceforth had to be achieved in the United Nations system. The Administrator, moreover, seemed to recognize the need for such a study and it was surprising that the Task Force on the future of UNDP had not submitted a study on the question in 1988. He hoped that that gap would be filled the following year and suggested that the general discussion at the high-level segment in 1989 should have as its theme: "UNDP in the 1990s and its response to changing development priorities".

63. In real terms, UNDP's resources were not likely to increase very much in the coming years. UNDP should accordingly concentrate its activities in the areas where it could best satisfy the needs of the recipient countries: human resources development, strengthening of national capabilities for economic management and environmental protection in order to sustain growth and create productive forces.

64. As for the use of the excess resources recorded for the fourth programming cycle, he considered that the emphasis should be placed on the needs identified since the adoption of Governing Council decision 85/16, in particular the funding of UNDP's participation in the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD), the strengthening of the mechanism implemented by UNDP for aid co-ordination and policy dialogue, and the mobilization of resources.

65. He subscribed to the resource scenario given by the Administrator, which seemed realistic, and supported the Administrator's proposals for the use of the additional resources (DP/1988/26). In his view, the increase of IPFs should be calculated on the basis of the criteria agreed upon in decision 85/16, which seemed fair. The Netherlands had added to its stated contribution for 1988 a sum of 8 million guilders in order to stimulate co-ordination activities - round-tables, NatCAPs, etc. - financed from core resources. He welcomed the measures taken by the UNDP secretariat to speed up the examination of projects and programme delivery; it was not good to

accumulate too high a level of excess resources, for that situation, contrary to the very nature of a development fund, was likely sooner or later to work against resource mobilization.

66. For some years the Council had been insisting that all United Nations development agencies should improve their performance and make their operational activities more coherent. UNDP should efficiently carry out its role of co-ordinating the technical co-operation of the United Nations system. The Jansson report, moreover, while recognizing the importance for the recipient countries of operational activities, also brought out the need for their reform. The recommendations of the report now had to be put into practice. General Assembly resolution 42/196 was the cornerstone of the effort to supply projects to the developing countries that were of better quality, well carried out and better incorporated into their development process. Joint programming and the role of the Resident Co-ordinators were highly important in that respect.

67. A joint programming effort resulting in the elaboration of a single country programme uniting the activities of UNDP, UNFPA, UNICEF and possibly other agencies would substantially improve the cohesion of activities within the United Nations system, while strengthening the central role of UNDP. The Joint Consultative Group on Policy should be a catalyst in that process. It could also facilitate co-ordination at field level. That was where the Resident Co-ordinator came in, with the ability to unite the different United Nations agencies in a common effort.

68. Greater cohesion within the United Nations system did not in any way preclude closer co-operation with other organizations, in particular the international financial institutions. Round-tables and NatCAPs obviously played a highly useful role in the difficult process of structural adjustment and economic reform under way in many developing countries: they henceforth formed an integral part of UNDP technical assistance and should be financed from core resources. But those modalities were not enough; hence the advantage of the proposals for a management facility.

69. He welcomed other forms of collaboration established by UNDP and various other agencies, such as the Voluntary Fund recently set up by the Centre for Human Rights in Geneva, which included an important human resources development component and was therefore of special interest to UNDP.

70. Document DP/1988/61 provided a useful overview of the mutually beneficial co-operation between UNDP and the World Bank: UNDP projects in which the Bank acted as an executing agency, the follow-up of UNDP pre-investment activities by the Bank in round-tables and consultative groups and possible UNDP participation in the Bank's projects on the social dimensions of structural adjustment. Although he welcomed that increased collaboration, it was clear that each organization should remain faithful to its own character. Without becoming an internal mechanism of the Bank, UNDP could complement the activities of that agency, in particular by facilitating the contacts between financial institutions and developing countries. UNDP could have a beneficial impact on the structural adjustment process, making it more balanced, more sustainable and, in the last analysis, more effective.

