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GOVERNING COUNCIL

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SUMMARY RECORD OF THE FIRST PART \*/ OF THE 22nd MEETING

Held at the Palais des Nations, Geneva,  
on Thursday, 16 June 1988 at 3 p.m.

President: Mr. MANGWAZU (Malawi)

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\*/ The summary record of the second part of the meeting appears as document DP/1988/SR.22/Add.1.

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The meeting was called to order at 3.10 p.m.

PROGRAMME PLANNING (agenda item 5)

(a) FOURTH PROGRAMMING CYCLE

(i) MID-TERM REVIEW OF RESOURCES (DP/1988/26)

1. Mr. DRAPER (Administrator, United Nations Development Programme) said that three important matters required decisions. Firstly, the Council must decide what additional resources would be available for the cycle as a whole over and above the amounts originally approved by the Council, on the basis of which the IPFs had been allocated. UNDP's conservative forecast was that there would be \$US 676 million in additional resources. The second decision required was on the distribution between the SPR and the IPFs of the \$US 600 million remaining after the deduction of the estimated support costs of \$US 76 million. He proposed that \$US 150 million should go to the SPR and \$US 450 million to the IPFs. The third decision concerned the basis on which the amount decided on by the Council should be allocated among the IPFs. He had several proposals for use of the SPR in the area of emergency and disaster relief, programme development and research, TCDC and the proposed management facility.

2. With regard to the latter, he agreed that, in order to enable full consideration to be given to the proposal, further detailed information must be provided on the purpose of the management facility, its structure and the machinery for its implementation.

3. In the past, development aid had tended to concentrate on individual sectoral projects and had, in general, neglected to provide for their management. Even when the need for management projects had been recognized, donors, acting separately and independently, had often given assistance in an ad hoc manner to specific ministries and departments. The result had often been conflicting approaches to public management within the same country, with each donor sponsoring its own system. UNDP hoped that a management facility would serve as a mechanism to ensure that the assistance offered to the developing countries and public management would be not only more rationally conceived but also better co-ordinated.

4. In recent months, many countries from all developing regions had approached UNDP for assistance in strengthening both their management capacities and their management training institutions. They appeared to be concerned that, if their management capacities were not enhanced, the sustainability of the various economies they were attempting to save, and their efforts towards self-reliance, would be endangered, given the environment of "crisis management" in which they currently operated.

5. Unfortunately, that growing demand was largely unsatisfied. Although there was an increasing use of the IPF for technical assistance in management, the funds available from the IPF to those countries which were in greatest need of such assistance were simply insufficient to meet all their increasing technical assistance requirements. Moreover, there appeared to be no other identifiable source for such activities. For example, the activities of the Special Action Programme for Administration and Management in Africa (SAPAM) had led to the identification of projects requiring \$US 40 million in funding

over the next three years for just nine countries. However, only \$US 12 million could be provided for support to those projects from the IPFs and the Netherlands Trust Fund for Public Administration. There was therefore considerable evidence not only that there was significant demand from developed and developing countries for support for such management programmes, but also that the resources currently available were woefully inadequate.

6. The management facility would be utilized solely to assist developing countries to improve all aspects of their public administration and public sector management. More specifically, the facility would assist Governments in the preparation of comprehensive management capacity and capability programmes involving (i) the identification, formulation and appraisal of projects to support such programmes; (ii) the funding and implementation of such programmes; and (iii) the monitoring of their implementation.

7. It could not be too strongly emphasized that there was no intention to impose any particular management model or philosophy upon developing countries. The substance of the measures to be undertaken in civil service reform, for example, would be decided upon only after complete agreement with Governments. Most importantly, the recommendations for such reform would be designed to meet the specific requirements of individual countries.

8. The criteria for the selection of those countries for which the facility would provide resources would be based solely on need. There would be no conditionality, or any geographical or other limitation, except that where requests exceeded available resources, priority would be given to those countries with the greatest need for the type of assistance to be covered by the facility. In general, assistance would be triggered only by specific requests from Governments. The Administration would continue to respond to requests for additional information and modify the programme as it went along.

9. As was the practice in the utilization of IPF resources, existing UNDP staff would be used as far as possible in the fielding of missions both to undertake country-programming appraisal and to identify, formulate and appraise projects. Thus, there would be no additional costs. Where that was not possible, consultants funded from the resources of the facility would be employed. Wherever feasible, local consultants would be employed in all activities of the management facility.

10. In addition, technical support and management would have to be provided for all the activities of the facility, irrespective of their regional location. Clearly, to be most cost-effective, such technical support staff should be centrally located, in New York. Accordingly, it was proposed that three professional staff members with expertise in specific areas of management should be employed from the resources of the facility. They would be located in BPPE, the central unit in UNDP for giving technical and policy advice and support to the rest of the organization. In other words, they would operate through the bureaux and the field offices, but the professional staff in BPPE would give guidance, economic and otherwise. It was estimated that the annual costs to the facility of that technical staff, together with supporting services, would be of the order of \$US 500,000. Those three management experts would be supplemented, as the need arose, by consultants in specific areas of management to support the headquarters leadership.

11. UNDP would suggest to recipient Governments that there be established, at the field level, management co-ordinating committees under the auspices of the Government concerned. They would be comprised of representatives of the Government, bilateral donors who had either contributed to the facility or had funded management projects in the country and UNDP, and would advise the Government on the selection and co-ordination of management projects.

12. UNDP was well placed to initiate such programmes. Firstly, UNDP's network of 112 field offices provided a viable mechanism for initiating, developing and monitoring technical co-operation programmes in support of management activities. Secondly, considering the difficult financial situation faced by many developing countries and the non-revenue-generating nature of the activity, the assistance provided should be on grant terms. Thirdly, it was desirable that such technical assistance should come from a neutral source, as Governments tended to prefer advice on sensitive organizational issues from a multilateral, rather than a bilateral organization.

13. He therefore recommended the establishment of a management facility which would be operated as described. He also recommended the approval, under a separate allocation of the SPR, of \$US 70 million to finance the comprehensive assessment of the needs of developing countries for assistance in management and to fund projects following such assessments. Other resources, according to the mandates of the funds and programmes from which they would be drawn, would also be utilized for the financing of management projects. In making that recommendation, he called attention to the endorsement given by the ECA Conference of Ministers in Niamey in April 1988, with a request asking for a speedy and effective implementation of that UNDP management facility.

14. He strongly urged the donor community to augment the UNDP contribution to the facility. Assuming that the \$US 70 million was approved, that sum was intended to be only part of a major thrust on the part of multilateral financial institutions, especially the World Bank, and bilateral donors. It was to be hoped that they would support projects in the field of management, bearing in mind the suggestions made to ensure their co-ordination at country level.

15. Mr. OGAWA (Japan) said that his delegation supported the Administrator's proposal for the revision of resource allocations for the remaining years of the fourth programme cycle. In view of the impossibility of forecasting future exchange rates in the current volatile monetary situation, the proposal, which was based on the assumption of a 5 per cent annual growth rate in voluntary contributions and a 5 per cent annual appreciation in the value of the United States dollar, was the best possible, given the need for expeditious utilization of available resources, on the one hand, and a conservative financial approach, on the other.

16. His delegation supported the allocation of 25 per cent of the \$US 600 million in foreseen programmable resources to the priority activities to be funded from Special Programme Resources. His Government attached high priority to those activities, in view of the increasing and divergent needs for new initiatives and the developing countries' growing requirements for assistance. The remaining 75 per cent of the resources - \$US 450 million - would be allocated to the financing of the regular IPF programmes. That

represented approximately 14 per cent of the original IPF targets established by decision 85/16 and would compensate for most, if not all, of the loss of purchasing power of individual IPFs as a result of the depreciation of the United States dollar.

17. His delegation was in favour of an arrangement that was not only simple but also conformed to the Council's decision 85/16 as far as possible, and was therefore inclined to support the distribution of additional IPF resources on a pro rata basis. It was to be hoped that a compromise could be reached on the floor and ceiling principles established in the relevant paragraphs of decision 85/16. The 1983 population and per capita GNP data should be retained as a basis for calculating individual IPFs.

18. Japan had strongly supported the efforts of developing countries, particularly in the sub-Saharan region, to carry out structural adjustment policies and had also backed UNDP activities in assisting those countries, especially in the area of human resources development. His delegation therefore welcomed the initiative taken by the Administrator in proposing the establishment of a management facility, as well as its basic objectives as described in document DP/1988/76. However, the concept and mechanism of the proposed facility had not been sufficiently well defined or elaborated. For example, in paragraph 27 of that document, the Administrator recommended "the establishment of a Management Facility which would provide a technical and operational 'umbrella' under which the various resources under his authority would combine to provide integrated and cohesive assistance to countries in management". His delegation wondered what was meant by "umbrella", whether the facility would control or co-ordinate all the resource flows in the area of management assistance, what the specific mechanism was for providing integrated and cohesive assistance in management and what the relationship was between the proposed facility and existing activities relating to management, such as NatCAPs, round tables and the Structural Adjustment Advisory Teams for Africa. Those and many other questions should be answered before any firm commitment of additional resources was made to that undertaking. Because of its basic support for the initiative, his delegation strongly hoped that the Administrator would provide more detailed information on the concept and mechanism of the proposed management facility.

19. Mr. FREE (Canada) said that the question of fourth cycle resources was one of the most important and complex that the Council would deal with in 1988. The challenge was to reaffirm the principles embodied in Council decision 85/16, while not constricting the capacity of developing countries to interact with UNDP in innovative ways which responded to their current priorities and needs. Decision 85/16 was a package of interdependent compromises on vital issues, and Canada had been intimately associated with its negotiation. His Government placed great importance on the unambiguous priority accorded by decision 85/16 to allocation of resources to the poorest countries, and also valued highly the concept it had introduced of graduation from conventional recipient status, while maintaining the universality of voluntary participation in the programme.

20. His Government was quite prepared to work with the resource forecast of \$US 600 million proposed by the Administrator in document DP/1988/26. Given the cautious assumptions, however, it seemed unnecessary to delay the release of resources for programming in the latter years of the cycle. Any

commitments that could usefully be made at the current time should be made. In a world of great poverty and intense need, it was essential not to end the cycle with a significant accumulation of resources earning money for bankers.

21. The additional resources should be channelled to the least developed countries in even greater proportion than provided for in decision 85/16. However, as that decision represented a step forward in according priority to the poorest countries, he did not advocate that a least developed basis should be used in making allocations. Rather, the criteria adopted in the decision should be the instrument for allocating resources to IPFs.

22. The real policy issue raised by the Administrator's proposals was not whether the SPR should be 1.24 per cent of the envelope, but whether there should exist a pool of resources available for policy-oriented assistance apart from IPFs. His Government considered that a limited non-IPF capability was desirable, as long as such assistance corresponded to the developing countries' assessment of their own needs. UNDP and its staff, with its 25 years of experience in technical assistance, should be allowed to put forward ideas on how to respond to new problems.

23. Canada's approach to the Administrator's proposals was to examine whether they made sense and were appropriate for UNDP. His Government had hoped that both the management facility and regular SPR proposals would be more fully developed than they had been.

24. He welcomed the objectives of the management facility. Fostering the human and institutional capacity of Governments to formulate and assess policy options, manage public enterprise and take account of the implications of policies for the poor was one of the most important contributions to self-reliance that UNDP could make.

25. Such problems could be tackled through IPF programmes. As the demands on IPFs were great and the needs of many ministries often needed to be taken into account, Canada was well disposed to the development of an additional vehicle for channelling management resources to countries seeking such assistance. UNDP was not the World Bank or the IMF, and any such facility would have to be tailored to the principles set out in the Consensus.

26. As to the regular SPR proposal, he was not convinced of the need for \$US 80 million. Through the SPR, Canada wished to make adequate financial provision for UNDP's aid co-ordination activities, such as round tables and NatCAPs, and recognized the need for UNDP to have a limited capacity to help the project pipeline, as in the redesigned project development facility. More information was needed on most of the other proposals.

27. Net contributor status represented a true dilemma. While not wishing to abandon the principle of graduation, or to penalize countries that had endured economic setbacks since the preparation of the 1983 estimates, his Government was most reluctant, during the course of the cycle, to change on a selective basis the economic indicators used to guide UNDP policies. The initial assumptions were intended to last throughout the cycle in order to instil stability and predictability into the programme.

28. If the Council changed benchmarks for countries whose GNP had diminished and thereby removed net contributor obligations, those obligations should not be imposed upon countries whose GNP increased during the course of the cycle.

29. Mr. TANWO (Cameroon) said that his Government supported the Administrator's proposal to distribute \$US 150 million to the SPR and \$US 450 million to the IPFs. While endorsing the proposal to distribute the \$US 450 million on a pro rata basis, he wondered whether that was to be the only criterion for distribution. Perhaps the Council should give guidelines to the Administrator regarding the use of the additional resources.

30. He wondered whether the new supplementary envelope made available to recipient countries would be used to finance new projects, to extend on-going projects or to aid countries in difficulty to finance their contribution. His delegation considered that those additional resources should be made part and parcel of the country IPFs.

31. Mr. ZALLES (Observer for Bolivia) said that Council decision 85/16 should be the basis for any allocations, regardless of their origin. In that context, his delegation hoped that UNDP would continue to provide assistance to Bolivia, which was undergoing a difficult and profound transformation. His Government called upon the donor countries to initiate activities that would best help the developing countries.

32. Ms. GARCIA-DONOSO (Ecuador) said that the IPFs of many developing countries, including Ecuador, had fallen by approximately 50 per cent in absolute terms, during the third programme cycle, thereby creating great obstacles to the execution of numerous high-priority development projects. That drop had come at a time of acute economic depression in the developing countries. The fall in commodity prices and the ensuing deterioration in the terms of trade, the collapse of oil prices and the persistent foreign debt and debt-servicing burden were the main reasons for the contraction in foreign exchange earnings, which in turn meant fewer resources for development.

33. UNDP had been a firm support for the recipient countries since its inception, and its contribution was currently more valuable than ever. The Council should therefore find ways of strengthening the capacity of the UNDP to enable it to meet fully the urgent needs of the developing countries, in view of the great efforts made by them to implement readjustment programmes that were exerting pressure upon and stifling economic activity and social development, with the attendant risks of political upheaval.

34. The contraction in IPFs in absolute terms, as reflected in the Administrator's report, meant an even greater drop in real terms, due to a decline in the United States dollar against other currencies. That put even more of a burden on the implementation of UNDP-financed national projects.

35. The Council now faced an exceptional situation with regard to programming resources, with a surplus that had to be allocated through indicative planning figures promptly so as to ensure that it had some effect on the current programme cycle. Such a distribution should adhere closely to the guidelines laid down in decision 85/16. His delegation, like others, supported the updating of the World Bank statistical data on population and per capita GNP,



since the 1983 data had been superseded by a different situation, resulting from the continued drop in per capita income, GNP and all the other indicators which revealed the social and economic regression of the developing countries.

36. For that reason, the allocation of the financial surplus had to be done on the basis of the 1986 World Bank data. With regard to the distribution of resources, he reiterated the position of the Group of 77, contained in document DP/1988/INF/3.

37. Finally, with regard to net contributor status, he recalled that the Council had itself indicated a per capita base of \$US 3,000. Due to the deterioration of economic conditions in some countries, that figure could no longer be attained, and the Council should allow for that fact in readjusting the list of net contributors, as, for example, in the case of Venezuela.

38. Mr. GERDAU (Peru) said that, in principle, his delegation could accept the level of non-programmed resources given in the Administrator's report, although, like the delegate of Canada, he felt that the sum of \$US 675 million was a conservative figure and that the true figure might approach \$US 1 billion. However, what was important was that the Council should take a decision to place the sum at the service of recipient countries in the programme.

39. With respect to agency support costs he recalled that the Council had already decided how UNDP resources should be distributed. That decision had been difficult to reach and seemed to have much merit because it reflected the will of the international community to give priority in technical assistance to the least developed countries. His delegation therefore reiterated that it would abide by decision 85/16, in accordance with which all non-allocated resources should be distributed. The support costs for the agencies of the system constituted a percentage of UNDP's contribution to projects, which had been limited to 14 per cent. Therefore, if extra resources were allocated to IPFs, the agencies would have to be reimbursed accordingly.

40. If resources were placed in the IPFs of each country, UNDP would be able to know their real needs for co-operation. The form of distribution proposed by the Administrator would be inconsistent with the 1970 Consensus, since the resources could be used only for the purposes proposed by the Administrator.

41. The activities of UNDP must conform to the 1970 Consensus and to decision 85/16. His delegation simply asked that 1986, rather than 1983, should be used as the base year, since in many developing countries the economic situation had deteriorated drastically and per capita income had fallen sharply.

42. Ms. HELLSTROM (Observer for Sweden), speaking on behalf of the Nordic countries, said that those countries had always underlined the need to provide UNDP with ample resources. They were therefore pleased to note that UNDP was enjoying a strong financial position and were prepared to accept the idea of a surplus, particularly as it would be used with caution. However, it was impossible not to remember that the "crisis" during the third programming cycle had been caused partly by events similar to those which had caused the present "surplus", i.e., fluctuating exchange rates. In future, UNDP should perhaps look into other possible accounting models.

43. Decision 85/16 had been a compromise and a package, and should be tampered with as little as possible. Country programming should remain the main feature of UNDP assistance, but there was also need for flexibility; assistance should benefit primarily the poorest developing countries. That had for decades been a very firm Nordic view.

44. For those reasons, the Administrator's proposal for the allocation of the additional resources was acceptable to the Nordic countries in its general outline.

45. Decision 85/16 should remain the basis for the whole of the fourth programming cycle, and thus 1983 should be retained as the basic year for the calculations throughout that cycle. The distribution of additional IPF resources should be in keeping with the criteria of decision 85/16. Although there were advantages in a distribution on a pro rata basis, UNDP should nevertheless stand by decision 85/16, which had been so difficult to negotiate.

46. For the same reason, the Nordic countries would not accept any renegotiation of net contributor status. The Administrator had suggested that countries whose per capita GNP had, since 1983, fallen significantly below the threshold established in paragraph 11 of decision 85/16 should no longer be considered net contributors. Exceptionally, the Nordic countries could concur with that view, provided the fall in GNP was very significant indeed.

47. Mr. MONTEIRO (Cape Verde) said that the scenario proposed by the Administrator seemed reasonable and prudent, considering recent trends and the safeguard proposals in paragraph 26 of document DP/1988/26.

48. He reiterated his preference for a pro rata procedure for the distribution of additional resources. The strict application of all the clauses and sub-clauses of decision 85/16, which he continued to support, would mean that some countries, including LDCs like Cape Verde, would not recover the approximately 25 per cent losses suffered in the purchasing power of IPFs. As the representative of India had pointed out, in 1983, when resources for IPFs had had to be reduced, the pro rata formula had been adopted. That showed that, when necessary, the Council could take a pragmatic position. Furthermore, the pro rata formula would make possible the immediate implementation of allocations, and UNDP itself had recommended high-level programming disbursement favouring the first periods of programming cycles. That was the approach adopted by Cape Verde, which had clearly-defined needs and the necessary short-term implementation capacity.

49. Mr. SAHLMANN (Federal Republic of Germany) said that his delegation's views were close to those of Japan and Canada. He accepted that there were additional resources of \$US 600 million; the question was how much should be used for IPFs. In essence, he supported additional funding for NaTCAPS, the round-table process, project development facilities, including the management facility, and other important global and regional programmes. One example was the UNCTAD-sponsored programme ASYCUDA, which needed additional funding by UNDP and which was of great importance to all developing countries in the field of trade.

50. Instead of channelling 25 per cent of the additional resources through SPR as the Administrator had suggested, the Council might widen the proportion of inter-country IPFs to overall IPFs, giving a lower percentage to country IPFs.

51. He supported the position of the Nordic countries on net contributor status, as well as the concept of a more flexible mechanism to avoid new decisions in the course of a cycle, and recommended that the Administrator should prepare such a proposal for the decision on resources for the next cycle.

52. Mr. TETTAMANTI (Argentina) said that he fully shared the views expressed by the delegation of Tunisia on behalf of the Group of 77. There were two points on which all members of the Council seemed to agree: they would not depart from the 1970 Consensus and they would abide by decision 85/16. However, there were different interpretations of the Consensus and of decision 85/16.

53. In many countries, including Argentina, a shortage of programming resources during the fourth programming cycle had meant that 45 per cent of programmes had had to be cut. Those countries had found that their programming resources had fallen by at least 25 per cent in real terms. On the other hand, the devaluation of the United States dollar had left the Council with a certain sum to be shared out. His delegation had no difficulty in accepting the Administrator's proposal of approximately \$US 600 million in additional resources, representing an increase of 5 per cent in the resources for the fourth cycle. In allocating those resources the Council should abide by the letter of decision 85/16.

54. Referring to the question raised by the delegate of Canada, he said that his delegation was not convinced that 25 per cent of the additional resources should be earmarked for administration from New York. The 1970 Consensus had been, inter alia, a response to all the requests from recipient countries for predictability in resources so that they could plan ahead, which unfortunately would not be the case if the resources were administered from New York. Many years earlier, the Council had set out to improve programming and project quality, whereas its current efforts seemed to be directed at only 75 per cent of the resources for that purpose.

55. His delegation welcomed the series of initiatives proposed in document DP/1988/26: the Administrator had detected needs which had to be met. The problem lay in knowing who determined which specific country had needs and how the resulting activity would be financed. In the course of elaborating its own programmes and projects over the years, Argentina had had good relations both with UNDP resident representatives and with the Regional Bureau for Latin America and the Caribbean and had helped the vast technical resources of UNDP. In his view, the existing system enabled developing countries to have access to UNDP's technical expertise and required no change.

56. Mr. THOMPSON (Fiji) endorsed the proposal that 75 per cent of the \$US 600 million of additional programmable resources expected to be available during the fourth programming cycle should be allocated to IPFs. He also agreed that the \$US 450 million involved should be distributed in accordance

with decision 85/16. It had been suggested by some speakers that the \$US 400 million earmarked for IPFs should be slanted even more towards LDCs, but his delegation's understanding was that that was precisely the effect of the complex formula provided for in decision 85/16. Many countries, including his own, did not benefit at all, although they did not consider themselves much different in development needs from the least developed countries. Some countries whose IPFs had remained unchanged for the past one or two cycles had suffered from the serious erosion in the purchasing power of the United States dollar. He wished to dispel the impression that all developing countries would benefit from the IPF distribution.

57. Secondly, he supported the allocation of \$US 150 million to Special Programme Resources (SPR) and to the setting up of the management facility. What the Administrator had in mind would find a resounding echo in the Pacific Island countries. The facility would fill a long-standing gap which, because of developments in the region, had been an important constraint on progress.

58. Thirdly, he hoped that, once the enlarged IPFs and the enhanced regional programmes existed, the original reference in paragraph 16 of decision 85/16 to the multi-island allocation would be more fully implemented than it currently was. He was not complaining that one group of island developing countries had benefited during the first years of the cycle, but he expected that a more equitable arrangement could be put in place within the expanded resources that would be available.

59. Mr. ALOM (Observer for Bangladesh) recalled that decision 85/16 had laid down the criteria for calculating the higher IPFs. The decision had represented a delicate compromise and balance to which UNDP should strictly adhere. Since document DP/1988/26 gave an overview of the current resource situation only in terms of United States dollar depreciation experienced since the commencement of the fourth programming cycle, it would be prudent to take a rational approach and channel the entire \$US 600 million into IPFs in order to restore the purchasing power of the original IPFs, which had declined by as much as 25 per cent in real terms.

60. The proposed expansion in the SPR-financed activities, which were subject to unforeseen and unpredictable natural setbacks, did not seem appropriate when a large number of priority programmes envisaged in the fourth cycle were being adversely affected by the continuing slide in the purchasing power of the original IPFs on one hand, and by the upward trend in the level of commodity prices on the other.

61. The current expenditure trend of SPR compared to that of IPF, as shown in tables 4 (a) and 4 (b) of the document, did not call for setting aside \$US 150 million of the \$US 600 million additional resources for such unprogrammed SPR activities, including that of the management facility. His delegation reserved its position on that new facility until it could examine the proposal in detail. The Special Measures Fund for the Least Developed Countries should not be integrated into the proposed management facility, since its focus on the special needs of LDCs would then be lost.

62. Mr. SMITH (Observer for Jamaica) welcomed the anticipated additional \$US 600 million of programmable resources for the fourth cycle; however, he also noted that the source of those additional funds was the depreciation in

the United States dollar, whereas the annual growth rate in contributions for the fourth cycle, measured in national currencies, had so far lagged behind the 8 per cent growth rate provided for in decision 85/16. The resource situation, therefore, especially when measured against the needs of developing countries and the expectations reflected in decision 85/16, could be further improved. Despite financial constraints Jamaica had continued to contribute to the utmost of its capacity, reflecting the value it placed on UNDP's contribution to its development efforts. He thanked the many donors whose continued and increased support was vital to the growth of the Programme.

63. His delegation could agree to the use of the criteria set out in Governing Council resolution 85/16, for the calculation of the indicative planning figures, and therefore to the continued application of the 80/20 formula for the distribution of resources, to the 81/19 distribution between country and inter-country programmes and to the modalities set out in paragraph 25 of document DP/1988/26 for the calculation of the special multi-island IPF and the IPF for Namibia. Although the criteria set out in decision 85/16 should be maintained for the calculation of IPFs, in the interest of equity and realism, the most recent available data should be used in making those calculations. As stated in document DP/1988/26, the recalculation of IPFs according to 1986 basic data had the advantage of taking into consideration "the changes, in some cases significant, which have occurred in the economic situation of developing countries since 1983". By authorizing the use of 1986 data, the Council would ensure that as close as possible a relationship was achieved between the real needs of countries and the level of assistance on the basis of the agreed criteria. In the application of 1986 data, fourth cycle IPFs calculated earlier should constitute a new floor in order to ensure that each country retained at least the level of IPF established earlier for the cycle. No country would then be placed at a disadvantage as a result of the recalculation relative to its position in 1983, and there would be no programming or other disruption.

64. Finally, his delegation took the view that as large a proportion as possible of the additional resources should be made available for country and inter-country indicative planning figures. The proposed allocation of \$US 150 million to the Special Programme Resources appeared excessive.

65. Mr. ELFARGANI (Libyan Arab Jamahiriya) said that all were aware of the scale of the economic crisis in Africa. In that connection, he reminded members that the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990, had been adopted by a consensus in which stress had been laid on technical and economic co-operation with African countries. The Heads of State and Government of the members of the Organization of African Unity had also agreed that priority should be given to African programmes, and the planning ministers at their recent meeting had also stressed the needs of those countries. Three-fifths of the African continent was afflicted by drought and malnutrition, and the situation had been further aggravated by the locust plague, which called for urgent action.

66. Governing Council decision 85/16 had established the resource levels on which programme allocations for the fourth programming cycle would be based. In the meantime, the economic situation had changed and, as a consequence, the developing countries were experiencing serious financial and budgetary difficulties. The distribution of the expected additional resources must be

based on decision 85/16, but should also take account of the special difficulties of the developing countries in order to reach an equitable and just solution.

67. The CHAIRMAN said that there were clearly many views regarding the amount of resources which would be available and how they should be allocated in the fourth programming cycle. He therefore suggested that, once the 10 speakers already listed to speak on the item had been heard, the Governing Council should refer the issue to the ad hoc working group.

68. It was so decided.

69. Mr. LIMA (Brazil) said that, while his delegation recognized the importance of new initiatives, it had difficulty in supporting the Administrator's proposal concerning the allocation of Special Programme Resources to certain predetermined areas. Decision 85/16 had been the result of a great effort made by all members of the Council to reach a consensus on the distribution of fourth cycle resources. Brazil had joined that consensus even although it had realized that it did not represent the best course for most Latin-American countries. The Governing Council was now faced with a possible redistribution of those resources. His delegation saw no reason why the consensus should be broken by modifying decision 85/16. In that connection, he fully supported the statements made by the representatives of Ecuador, Peru and Argentina.

70. Mr. MUKHERJI (India) said that the question arose as to exactly how much would be available in the way of extra resources for allocation. The amount of \$US 600 million was based on the assumption that the United States dollar would appreciate by 5 per cent annually over the next three years. Such an assumption might prove to be wide of the mark, bearing in mind that the dollar had appreciated by almost that amount in the past few days. It seemed to his delegation that it would be better to freeze the dollar at the current exchange rate; that would mean that the amount to be allocated would be greater than \$US 600 million. There was no need to be too conservative and, in that connection, he suggested that the calculated increases in IPFs should be made available at the rate of 50 per cent each year. The Governing Council must, however, have a realistic estimate of resources.

71. Mr. QIAN JIANDONG (China) reiterated that China's position regarding allocations was based firmly on Governing Council decision 85/16, which had been reached by consensus and must therefore be the guideline to be followed by all. Since that decision had been adopted, new conditions had arisen and the Heads of State and Government of the African countries and their planning ministers had called for the establishment of the management facility at their recent meetings. Other proposals related to Central America and the new situation which had arisen in Asia. All those proposals should be adopted.

72. In the spirit of consensus, China would, in consultation with the other members of the Governing Council, try to find an appropriate percentage by which to increase Special Programme Resources. In applying those resources, his Government hoped that, apart from the special situations in Africa and Central America, some of the poorest countries in Asia should also be taken into account; of the 10 poorest countries in the world, 6 were in Asia. His delegation also considered that adequate resources should be made available for TCDC.

73. Mr. AQUARONE (Netherlands) considered that the resource scenario was realistic, notwithstanding the assumptions on which it was based, including the uncertain future of the United States dollar. The distribution of the additional resources by increasing fourth cycle IPFs should follow the criteria set out in decision 85/16, but special needs which had arisen subsequent to that decision must also be taken into account.

74. His delegation supported the Administrator's proposals for an increase of \$US 150 million in Special Programme Resources, for a new management facility and for the special plan of economic co-operation for Central America.

75. He also supported the statements made by the representatives of Canada and the Federal Republic of Germany at the current meeting.

76. Mr. ROSELLO SERRA (Spain) endorsed the proposed allocation of 25 per cent of the expected surplus to Special Programme Resources which, he hoped, would include provision for projects to make the special plan of economic co-operation for Central America operational. The increases in IPFs should be made in the spirit of decision 85/16, with appropriate modifications. In conclusion, he agreed with the representative of Canada that the Governing Council must give the Administrator sufficient leeway to meet new needs as they were detected, thus respecting the 1970 Consensus. His delegation endorsed the proposals of the Administrator.

77. Mr. KIURU (Finland), speaking on behalf of the Nordic countries on the proposed management facility, said that, during the 1980s, several international economic indicators had shown profound changes and had made the development prospects of most developing countries worse than anticipated so that the national economic plans of those countries had undergone constant revisions. Against that background, it was understandable that available resources, human, technical or financial, should be utilized with the utmost care. Since the mid-1980s, the international community had therefore focused its attention on measures which could alleviate the immediate economic difficulties of the many developing countries suffering in particular from a heavy debt burden. In that context, new initiatives had been developed which had received broad international support, including that of the Nordic countries. Those countries had also stressed the need to take into account the poorest segments of society and the effects of economic policies on their lives. For some years past, UNDP had stressed management issues and, in several fourth cycle country programmes, resources had been allocated to management purposes - decisions which had been supported by the Nordic countries.

78. The arguments advanced by the Administrator in justifying his new and more specific proposal for UNDP involvement in management issues reflected changing financial assistance requirements and the resulting challenges those posed in terms of technical assistance. Those arguments followed the Nordic view closely. It was also important that assistance should be given to longer-term, institution-strengthening measures which would create a more solid base for development and would build on the short-term remedial measures currently provided basically through budgetary and fiscal policies.

79. The Nordic countries considered it natural that UNDP should take up technical assistance needs in the field of management and had, for example, welcomed the NaTCAP exercise. Management needs could not, however, be

considered in a vacuum and must be coherent and properly co-ordinated with the economic development policies of the country concerned. Those considerations were in themselves ample justification for UNDP's increased involvement in the field.

80. The Nordic delegations had also noted that the African planning ministers, at their recent meeting in Niamey, had supported the Administrator's idea to direct more attention to management issues in allocating UNDP resources.

81. Against that background, the Nordic countries could support the Administrator's proposal. The main purpose must obviously be to strengthen the capacity of recipient countries to plan and negotiate structural adjustment and, in that process, to point to alternative paths with the most limited adverse social effects. They would not, however, like to see an initiative in that vital area create a precedent for a number of similar initiatives. Nor were they enthusiastic about the use of the word "facility" which, in other contexts, had a very different connotation. A more accurate term might be "special programme". As for the future, the Nordic countries would like elements contained in that facility to be incorporated in the normal planning and programming procedure and would welcome more specific proposals on the use of the funds in question for submission to the next meeting of the Governing Council.

82. Mr. KALIBWANI (Observer for Uganda) said that the apparent surplus was due in the main to fluctuations in the exchange rate of the United States dollar. He agreed that it would be undesirable to reopen the debate on the consensus incorporated in the Governing Council's decision 85/16, despite the fact that, if 1986 was used as a base year, Uganda would benefit. It would be better to retain the existing package. Special Programme Resources should, however, be kept to a minimum. Earlier in 1988, the planning ministers of the African countries had endorsed the Administrator's proposal for a management facility. His delegation now wished to see how it was proposed to put that facility in place. If there was enough support for the management facility, it would be preferable for the Working Group to work out the details.

83. Non-conditionality in technical co-operation was important because UNDP must retain its unique character. The management gap in Africa was a long-term problem. It was important to explain exactly what was meant by non-conditionality. Document DP/1988/76 had mentioned that, in countries where NatCAPs were to be undertaken, measures would be taken to ensure that the needs of the economic management sector were analysed early in the NatCAP cycle. It would be important to define where the management facility would start.

84. Programming missions were an idea of the World Bank, whereas UNDP used the programming machinery of Governments and its own Resident Representatives. There was therefore a need to ensure that management missions did not overlap with the existing machinery. The facility would need additional funds, as \$US 70 million for seed-money was not sufficient. Enough knowledge was currently available to begin an examination of the utility of NatCAPs.

85. Among special initiatives proposed by the Administrator in document DP/1988/26 there was a recommendation for increased participation by the private sector. That course called for a pragmatic approach and was not a



panacea. There was a need to establish joint co-operation between the public and private sectors. His delegation was prepared to join the working group with a view to reaching a compromise on the issue.

86. Mr. LEE (Observer for Australia) said that his delegation believed that the allocation of about 25 per cent of the anticipated additional resources to Special Programme Resources would help UNDP in a small way to perform its leadership and co-ordinating role in the United Nations development system.

87. Although his delegation still needed more details before making a final decision about the proposed management facility, it welcomed the additional information which had already been provided and, in particular, the assurance that there would not be any geographical limitation. As the representative of Fiji had already indicated, countries other than those in Africa, including the Pacific island countries, also had a real need for help in management.

88. As for the remaining resources, Australia would prefer to see the anticipated surplus allocated to the IPFs of the least developed countries.

89. Mr. GARCIA-RAMOS (Cuba) said his delegation supported the views expressed by the Group of 77 in regard to Governing Council decision 85/16. He would revert to the issue once the interpretation of that decision had been clarified.

90. Mr. ROHNER (Switzerland) said that his delegation considered that the Administrator's proposals represented a good starting-point for negotiations. The estimates of additional resources did not seem excessive.

91. He agreed with the views expressed by the representatives of Canada, the Federal Republic of Germany and Finland, on behalf of the Nordic countries. He suggested that the Administrator should prepare a synoptic table of the various proposals which had been made, as that would help in the negotiating process.

92. Mr. PETTITT (United Kingdom) said that his delegation accepted the proposals contained in document DP/1988/26 with regard to the amount, timing and uses of the additional resources. He would prefer as little change as possible in the calculation of indicative planning figures, but anything in the spirit of decision 85/16 was acceptable. If it was decided to recalculate IPFs according to 1986 basic data, some protection would have to be provided for those countries which had based their planning on 1983 figures. The Working Group might also consider that net contributor status was not entirely irrelevant to the issue. It was to be hoped that the Administration was giving thought to new ways of accounting which would eliminate the problem now facing the Council. Countries tended to think in terms of their own currencies and the difficulty of asking them to think in terms of United States dollars or SDRs should not be underestimated. He expressed the hope that it would be possible to reach agreement on the management facility if sufficient details were available.

93. Ms. DUDIK-GAYOSO (United States of America) said that her delegation agreed with the estimate of additional resources as set out in document DP/1988/26, although it must be borne in mind that the figure given was only a projection. While she supported decision 85/16 as the basis for determining

the allocation of those resources and understood the reasoning behind the proposed allocation between IPFs and SDR, important new needs had arisen and must be met. While she also understood the need to take an immediate decision, she hoped that such a step would not limit UNDP's flexibility too soon in the programme cycle. She also wondered how the Administration, which had emphasized its desire to preserve programme quality, would be able to cope with the burden caused by the rapid expansion of programmes, and in particular the load on field offices.

94. Her delegation would study carefully the information provided about the proposed management facility. The objective of assisting countries with their structural adjustment programmes was an important one which had perhaps been somewhat neglected. If such assistance continued to be needed in the long term, perhaps the facility should also finance established activities such as round tables, NatCAPs, and the Structural Adjustment Advisory Teams for Africa. She wondered how UNDP intended to use expertise already available in the United Nations Secretariat and in the specialized agencies in its efforts to improve the management capacity of developing countries.

95. Mr. VENE (France) said that activities such as round tables and NatCAPs were considered important by the developing countries themselves, and their funding should come either from New York or from allocations of additional resources to country IPFs. He wondered whether provision should not also be made to soften the impact of the fall in the dollar where it had been felt most acutely. UNDP must proceed carefully and, if financial problems suddenly arose, it would be better to cut some of the New York activities rather than indicative planning figures. While it was clear that UNDP should provide help along the lines of the proposed management facility, his delegation would like to have more information.

96. Mr. KRYSTAJIC (Yugoslavia) asked to what extent the proposed \$US 150 million allocation to the SPR would affect the ratio between operational and administrative costs, whether the absorptive capacity of UNDP was such that \$US 150 million could be utilized during the remainder of the programme cycle, and how that amount would influence the character of the SPR. He noted that the sum of \$US 150 million was more than three times the current SPR, which for many years had been regarded as a reserve fund.

97. Mr. DRAPER (Administrator of the United Nations Development Programme), said he was pleased that there was general agreement that \$US 600 million would be available, out of the projected surplus of \$US 676 million, for allocation as additional resources. Responding to questions raised by delegations, he said that \$US 76 million would be used for agency support costs. The delegations of Cape Verde and Cameroon seemed to think that UNDP had recommended a pro rata adjustment of the indicative planning figures. However, his proposals were entirely in line with the criteria set out in decision 85/16, paragraph 4 of which did not recommend such a course.

98. He said that he appreciated the support of the Nordic countries for the proposed management facility. He thought that document DP/1988/724 responded to the French delegation's request for information, but he would be glad to discuss the proposal further. He would like to give specific answers to questions, but the details of the proposal were still evolving. One thing that was clear cut was how the UNDP planned to guide the programme. He agreed

that the term "facility" was not a happy choice and more thought might well be given to the matter. In response to the question asked by the United States representative, he said that the intention was to use United Nations sources of expertise where appropriate.

99. In answer to the three questions put by the Yugoslav representative, he said that, out of the \$US 70 million proposed for new SPR facilities, \$US 500,000 would be spent on a small headquarters team. All the rest would go to field operations. Consequently, the change in balance between operational costs and administrative costs would be in the right direction and would reinforce the current situation, where 80 per cent of the staff and two-thirds of the resources were employed in field operations. With regard to UNDP's absorptive capacity, he said that, without being able to give any categorical guarantee, he was confident that UNDP could spend the additional allocation, since the demand for additional services was greater than the supply of money. The approval of an additional programme facility of \$US 4 million would be of assistance in the matter. Finally, the SPR would not change in character, but merely in size. It should remain a means of funding special programmes, whether they were described as a management facility or a special programme for Central America.

PROGRAMME IMPLEMENTATION (agenda item 4)

(b) SPECIAL PROGRAMMES

- (i) ASSISTANCE TO NATIONAL LIBERATION MOVEMENTS RECOGNIZED IN ITS AREA BY THE ORGANIZATION OF AFRICAN UNITY (OAU) (DP/1988/2) (continued)
- (iii) ROLE OF THE UNITED NATIONS DEVELOPMENT PROGRAMME IN THE IMPLEMENTATION OF THE UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT, 1986-1990 (DP/1988/24) (continued)

OTHER FUNDS AND PROGRAMMES (agenda item 8)

(d) UNITED NATIONS SUDANO-SAHELIAN OFFICE (UNSO) (DP/1988/49)

- (i) PLAN OF ACTION TO COMBAT DESERTIFICATION (continued)
- (ii) RECOVERY AND REHABILITATION PROGRAMME IN THE SAHEL REGION (continued)

100. Mr. DAH (Burkina Faso), co-ordinator of the group of African countries members of UNDP, said that he had noted with satisfaction the statement of the Administrator that, in accordance with the 1970 Consensus, the Programme would respect priorities established by the recipient countries, and his assurance that he excluded the principle of conditionality. It was to be hoped that that assurance would be fulfilled in practice.

101. Increased effectiveness could not be achieved without a substantial increase in the Programme's resources, particularly human resources. The African Group therefore supported the request of the Director of the Regional Bureau for Africa for additional staffing in field offices.

102. The African Group considered that UNDP had an important role to play in the implementation of the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD) and in Africa's Priority Programme for Economic Recovery (APPER). The mid-term evaluation which the Organization for African Unity would submit to the international community in September would be significant in that connection. Meanwhile, the African countries welcomed the various initiatives designed to enable UNDP to make an appropriate contribution, such as the increase in the indicative planning figures at both the national and regional levels and the proposed management facility. In view of the fact that the majority of African countries had small markets and a low implementation capacity, the subregional and regional dimensions must not be neglected. In the implementation of UNPAAERD at national and regional level special attention should be paid to economic co-operation and integration. UNDP should support programmes to strengthen the African economic communities.

103. The African countries welcomed UNDP's assistance to national liberation movements recognized in its area by the Organization of African Liberty (DP/1988/2). Furthermore, in view of the threat posed by drought and desertification, the African countries supported the co-operation of UNDP with the United Nations Sudano-Sahelian Office (UNSO). His own country had benefited from the provision of fuel-efficient stoves and reafforestation projects. It was clear from paragraphs 26 and 27 of the report (DP/1988/49) that there was close co-operation between UNSO and other bodies working in the same field, so that there was no risk of duplicated effort and the continued existence of the Office was fully justified.

104. Mr. EL ZUBAIR (Sudan), endorsed the comments made by the representative of Burkina Faso on UNDP's role in the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD). It was of particular importance to promote the managerial capacity of the Governments of African countries so that full use could be made of the available resources. UNDP must also endeavour to mobilize more resources in the light of the growing gap between the minimum financing needs and the highest expectations. He wondered whether there might not be some overlapping between the current programmes for improving administrative capacity and the proposed management facility. It was to be hoped that the Council and the Administrator would see to it that activities were co-ordinated in order to avoid duplication of effort and increased administrative costs.

105. Turning to the report on the activities of the United Nations Sudano-Sahelian Office (DP/1988/49), he said that his country was fully prepared to co-operate with the Office. While welcoming the report on its activities, he noted that it was proposed to reduce the funds allocated in 1988-1991. That was not consonant with the growing threat posed by desertification, and he hoped that the proposal would be reconsidered.

106. Mr. KIURU (Finland), speaking on behalf of the Nordic countries, said that they were traditionally firm supporters of the United Nations Sudano-Sahelian Office. It could be seen from the report (DP/1988/49), that the Nordic countries co-operated with UNSO in most of the countries covered by the Office's mandate.

107. The report very properly, did not make proposals for the future. However, UNSO had made an in-depth study of various aspects of its work (report of in-house study issued by UNSO, April 1988), which had been made available to the Council. The study was timely and demonstrated that UNSO's task was to provide expertise and an overview of the complex problems related to its mandates. Specialization was necessary for that purpose. The Nordic countries agreed that too little attention had been given to capitalizing on the experience gained in project related work and to the issues of conservation of productive resources in the Office's macro-planning. In view of its small staff and limited funds, UNSO depended on the co-operation of various organizations and local authorities.

108. The Nordic countries attached importance to the question of co-ordination and would therefore like some more information about the reference in paragraph 51 of the in-depth study to UNSO's role in facilitating co-ordination in the field of desertification and drought-related work within the context of UNDP's overall responsibility for the co-ordination of operational activities for development. He wondered what that statement meant in practice both at field level, where UNSO relied on UNDP's field office, and at the headquarters level, where UNSO's expertise must play a significant role.

109. The in-depth study provided the framework rather than the substance of UNSO's future activities. The Nordic countries agree that the Office should attach more importance in future to assisting Governments in planning and co-ordinating drought recovery and desertification control activities; that it should have a co-central role in mobilizing resources; and that it should generate activities that could be used and further developed by other partners. However, those goals should be developed into concrete plans and strategies.

110. He urged the Director of the Office to consult with both recipients and donors with a view to clarifying UNSO's future role in the activities under its two mandates. It might be appropriate to reconsider the first mandate or merge it with the second, as it had become difficult to distinguish between them. The Nordic countries were somewhat surprised at the statement in the introduction to the in-depth study to the effect that UNSO should be able to handle larger resources with its present staffing.

111. In conclusion, he said that the Nordic countries did not have sufficient administrative capacity to undertake bilateral activities in all the countries covered by UNSO's mandates: the services of UNSO and the UNDP field structure offered a means whereby they could help the poorest developing countries facing intractable problems. They invited other donors to join them in supporting the Office.

The summary record of the second part of the meeting  
appears as document DP/1988/SR.22/Add.1

