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Held at the Palais des Nations, Geneva,
on Friday, 17 June 1988, at 10 a.m.

President: Mr. MANGWAZU (Malawi)

CONTENTS

Statement by the representative of the World Bank

Programme implementation (continued)

(b) Special programmes:

(iv) Special plan of economic co-operation for Central America

Programme planning:

a) Fourth programming cycle:

(ii) Net contributor status

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

STATEMENT BY THE REPRESENTATIVE OF THE WORLD BANK

1. Mr. JAYCOX (World Bank) said that the Bank attached great importance to its collaboration with the United Nations system, including all the specialized agencies, since it was a corner-stone in the process leading to sustainable economic and social development in the developing countries. However, the Bank accorded priority to its collaboration with UNDP, since the latter constituted the primary source of technical assistance within the international community. That partnership between UNDP and the Bank had already yielded positive results: for example, the two organizations had increased their aid co-ordination efforts and, under a new agreement between UNDP and the World Bank, concluded in February 1988, UNDP would prepare comprehensive assessments and reports on technical assistance issues for consultative groups that had been established by the Bank, while the latter, for its part, would assist in the preparation of the economic documentation for UNDP round-table meetings. Furthermore, field co-operation between UNDP resident representatives and Bank representatives and missions had also been intensified and the UNDP Office for Projects Services was currently playing a significantly enhanced role in providing management services to World Bank borrowers. Finally, UNDP and the Bank had collaborated in the establishment of bodies such as the Consultative Group for International Agricultural Research, with assistance from FAO, in addition to programmes such as the Programme for the Eradication of River Blindness, with assistance from WHO. The usefulness of those groups and programmes was undeniable.
2. The Bank and UNDP had also collaborated in other fields of action, such as the integration of women in the development process, as well as problems relating to the environment, energy, etc. The Bank had also acted as executing agency for UNDP-financed projects and, between 1983 and 1987, it had signed new project documents for a total amount of \$150 million. During the same period, the investments that the Bank had made in connection with technical assistance funded by UNDP had amounted to \$13.4 billion.
3. However, it might be wondered what joint action UNDP and the Bank could take to improve technical assistance operations that were currently often perceived as largely unsatisfactory. In fact, technical assistance was all too often regarded as a price to be paid for financial assistance, rather than a response to local demand. In many cases, projects reflected an unrealistic assessment of the borrower's needs and the resulting multiplicity, duplication and overlapping of sources of technical assistance had created major co-ordination problems. Moreover, the cost of foreign technical assistance was very high and its results were not always tangible or long-lasting.
4. That situation, which was particularly evident in Africa but also apparent elsewhere, constituted a major challenge to the World Bank, UNDP and the entire donor community. It was essential to improve the co-ordination of technical assistance operations, to make them more relevant to the particular needs and environments of the recipient countries, to promote a long-term transfer of technology and to seek help from local experts and consultants in a more systematic manner. To promote genuine self-reliance, the capacities of recipient countries to plan, manage and implement their own economic programmes must be greatly improved. That was a field of action in which UNDP and the World Bank could jointly play a leading role.

5. With regard to the proposed establishment of a management facility, which the Governing Council was considering, the Bank believed that there was undoubtedly considerable scope for collaboration in strengthening the management capacity of countries engaged in a process of far-reaching economic reforms and structural adjustment. Structural adjustment programmes, which normally covered a very wide field, were politically and economically sensitive and required very large loans. In addition, the pace of implementation of those programmes, both in terms of start-up and disbursement rates, was unusually rapid. Management of the technical assistance provided within the context of those programmes often required the planning and co-ordination of activities spanning several sectors and therefore necessitated the simultaneous intervention of several executing agencies. Consequently, it was necessary to recruit consultants whose economic skills were totally different from those required for more conventional technical assistance. Structural adjustment programmes also frequently included measures to strengthen institutional capacity, to formulate and manage public investment programmes, to increase the efficiency of public enterprises and to improve agricultural and industrial development and national planning. It was essential that reforms of that type be increasingly internalized, with a view to ensuring that they were more and more formulated, planned and implemented by the countries themselves. Accordingly, the Bank supported the proposed establishment of the management facility by UNDP and was willing to provide the latter with all the help needed to enable countries to implement structural adjustment programmes. Since the Bank was already very active in that field, it was keen to work closely with UNDP at the country level in order to ensure the complementarity of their joint efforts. It was also important that their collaboration should always maintain its dynamic nature.

PROGRAMME IMPLEMENTATION (agenda item 4) (continued)

(b) SPECIAL PROGRAMMES:

- (iv) SPECIAL PLAN OF ECONOMIC CO-OPERATION FOR CENTRAL AMERICA (A/42/949 and A/RES/42/231)

6. Mr. RAMIREZ-OCAMPO (Assistant Administrator and Regional Director for Latin America and the Caribbean), introducing the special plan of economic co-operation for Central America (A/42/949), began by referring to the conditions under which it had been formulated. He recalled that, after a decade of acute political and socio-economic crisis which had been highly detrimental to the cause of peace and development in the region, the Presidents of the five Central American countries had reached an agreement on the "procedure for the establishment of a firm and lasting peace in Central America" at the Esquipulas II summit meeting on 7 August 1987. In addition to its political and military dimensions, that agreement also expressed the will of the Central American countries to adopt a collective approach to development problems in the subregion and, to that end, also called for assistance from the international community. It was in response to that appeal that the General Assembly had adopted resolutions 42/1 and 42/204, in which it urged the international community to increase technical, economic and financial assistance to the Central American countries and requested the Secretary-General to formulate a special plan of economic co-operation for that region.

7. The special plan, which was based primarily on the idea that peace and development were inseparable, had three main features: it focused on economic and social aspects directly linked to the preservation and consolidation of peace; it aimed at mobilizing additional economic and social co-operation for the region; and it took into account the priorities that had been established by the Governments of the region and sought to complement national development efforts. The primary aim of the plan was to identify measures that would produce rapid results, particularly with regard to the re-establishment of a high degree of economic interdependence and integration in the region. It was important to realize that the plan had been formulated in close consultation with the Central American Governments and also with the Economic Commission for Latin America and the Caribbean (ECLAC), the Central American integration institutions and organizations, the organizations of the United Nations system, the inter-American organizations and the major donors.

8. The plan was divided into five chapters: an emergency programme, a programme of immediate action, a programme of economic reactivation and social development, aspects relating to institutional development and management, and institutional arrangements for implementation. The plan also clearly indicated that the primary responsibility for the planned activities lay with the Central American Governments and peoples themselves, since external co-operation should play only a complementary role. The external financial assistance required was estimated at \$4.4 billion for the first three years. A total of 151 financial and technical co-operation project profiles had been developed to meet the priority needs defined in the programmes and sub-programmes provided for in the plan. As a result of the decisive support received from the Central American Governments and the donors, the plan had been finalized within the time-limit set by the General Assembly in its resolution 42/204 and the Assembly had adopted it by consensus, at its resumed forty-second session, by resolution 42/231 in which it requested the Secretary-General, with the assistance of the United Nations Development Programme and in close co-ordination with the Governments of Central America and in consultation with donors, to use his best efforts in the promotion, co-ordination, monitoring and follow-up of the special plan. The Assembly also requested all bodies, organs and organizations of the United Nations system to take immediate steps to mobilize additional financial resources and to expand their assistance programmes on a priority basis. As a central funding organization of the system, UNDP was required to play a leading role by facilitating the establishment of institutional arrangements for the co-ordination, monitoring and implementation of the planned activities and by allocating additional resources to technical assistance projects designed to strengthen institutions and promote national and regional development, as well as the development of human resources.

9. At the request of the Secretary-General of the United Nations, UNDP was currently completing its consultations with the Central American Governments and donors concerning arrangements for the co-ordination, monitoring and follow-up of the special plan. A regional co-ordination mechanism, along the lines of the highly successful Caribbean Group for Co-operation in Economic Development (CCGCED), might facilitate the achievement of the objectives that the international community was pursuing in Central America. The situation in Central America undoubtedly called for urgent and appropriate decisions by the Governing Council, and he hoped that UNDP would be able to accord priority and allocate additional resources to the new tasks that awaited it in Central America.

10. Mr. SOSA (Guatemala), speaking on behalf of the Central American countries, said that the crisis that had recently jolted their region had been so acute that the development process in those countries had been set back by about 10 years. However, the crisis had at least been of benefit in highlighting and strengthening the sense of Central American unity, which had been achieved in customs, traditions and aspirations since the beginning of the eighteenth century. Henceforth the Central America region knew that there was no alternative to social, political and economic integration, if it wished to meet the challenge of the future. It was due to their clear realization that individual action was doomed to failure that the countries of Central America had concluded the Esquipulas agreements in which they had opted for dialogue to achieve reconciliation and national democratization and in which they had undertaken to establish a Central American Parliament, to reactivate the Central American Common Market and to formulate an immediate plan of action for economic revival.

11. The firm and lasting peace that those countries wished to build signified not only their determination to renounce war but also their intention to adopt a new style of development which would be based on a consolidation of democracy, with a view to ensuring popular participation in decision-making, and on a steady improvement in the standard of living and the quality of life of population groups that had hitherto been left out of the development process. That firm and lasting peace would also have to be based on a modernization of the means of production through the adoption of technologies that would open up new markets and, in particular, a diversification of export production and regional integration.

12. The countries of Central America much appreciated the fact that the whole international community had expressed its support and solidarity, firstly through three resolutions of the General Assembly of the United Nations and subsequently through the adoption of the special plan of economic co-operation for Central America. That token of confidence could not but strengthen their determination. They also wished to thank the Governing Council for giving favourable consideration to their aspirations. The donor countries were certainly convinced that the best way to establish peace in the region was to provide it with the economic resources needed to improve the living conditions of its population and to achieve social justice. The countries of Central America were well aware that resources were limited and, consequently, would endeavour to respond rationally to the needs of countries struggling against poverty and under-development. For them, it was important to be able to count on the support of UNDP in the promotion, co-ordination, monitoring and follow-up of the special plan and to know that UNDP was endeavouring to expedite the formulation of the institutional arrangements through which the international community's commitments to Central America could be fulfilled. To that end, the Central American countries would be submitting a draft decision, co-sponsored by the delegations of the Latin American countries, which they hoped would be adopted unanimously.

13. Mr. CUBILLOS (United Nations Conference on Trade and Development), said with reference to UNCTAD's contribution to the special plan of economic co-operation for Central America, that, although UNCTAD had no financial resources of its own for technical co-operation activities, it had wide experience and thorough knowledge of the problems affecting Central America. Accordingly, when the Secretary-General of the United Nations had requested UNCTAD assistance, the Secretary-General of UNCTAD had decided to send a

preparatory mission to Central America, which had contacted the Central American Governments and various organizations and had identified with them the sectors in which UNCTAD could be of assistance.

14. The primary concern was the economic integration of Central America, to which the countries of the region attached fundamental importance in their economic recovery programmes. UNCTAD, which had co-operated closely in the past with the Governments concerned and with the subregional integration organizations, believed that the commercial crisis in the subregion could be overcome by means of agreements on the convertibility of currencies, the creation of trade payment and financing instruments and the establishment of co-operative and productive trading enterprises. Central America had been given access to UNCTAD's trade information network and data base, covering all the trade regulatory measures applied by the developing countries. It would help Governments and the private sector to interpret the measures in question. Furthermore, UNCTAD could promote the economic integration of Central America in many other fields.

15. In connection with trade, the Central American Governments had asked the UNCTAD mission to provide assistance at the national level with a view to their participation in the negotiations of the Uruguay Round. Given the importance of that Round for the world economy, UNCTAD would spare no effort to provide such assistance and hope to secure sufficient resources to ensure that every country in the subregion could benefit therefrom. Several countries had already requested assistance from UNCTAD in various trade-related fields.

16. Export commodities were highly important to the region's economic and social development. UNCTAD was in a position to help the Central American countries to obtain a higher value-added for their main exports. Moreover, its programme for the improvement of techniques for the purchase and import of foodstuffs was available to those countries.

17. In connection with the transfer of technology, the Governments of the Central American countries had requested assistance to help them to negotiate contracts for the acquisition of technology, to evaluate the technology used, to programme technical investments and to gain access to some technologies in areas in which UNCTAD had experience, such as the processing of foodstuffs, pharmaceutical products and biotechnology. In collaboration with the Central American Research Institute for Industry, UNCTAD had studied the possibility of establishing in the five Central American countries a mobile seminar on the transfer of technology in particular sectors.

18. One of the most serious problems affecting the region's exports was to be found in the area of shipping and ports. In fact, it had been calculated that shipping costs amounted to 40 per cent of the value of exports, due to the high freight rates and problems of ports administration. There again, UNCTAD could provide assistance in fields such as multimodal transport, not only in the framework of its TRAINMAR training programme but also through programmes adapted to the region's needs, which would be submitted to UNDP.

19. As in most developing countries, the external debt of the Central American countries was having serious repercussions on their economy. UNCTAD, in association with ECLAC and with funding from UNDP, was currently installing its computerized Debt Monitoring and Financial Analysis System in the five

Central American countries. A training course was also being organized for the officials responsible for applying the System in each country.

20. As for the facilitation of trade, the Governments of the five Central American countries attached great importance to the installation of the UNCTAD Automatic System for Customs Data (ASYCUDA) for the purpose of streamlining procedures in their Customs administrations. It was hoped that that project, which had already been prepared, would soon be approved by UNDP.

21. Finally, with regard to insurance and reinsurance, UNCTAD would be proposing, as a first stage, a training programme in trade-related and transport-related insurance, under which training would also be provided for officials engaged in the field of large risk insurance.

22. It was obvious, therefore, that UNCTAD could contribute in various areas to the special plan of economic co-operation for Central America. It did not, however, have sufficient financial resources and had to rely on the financial co-operation of UNDP and the donor countries. It was also true that some of its programmes could not be classified as emergency programmes under the special plan. Nevertheless, the projects and programmes that UNCTAD was in a position to implement in association with UNDP and subregional organizations could contribute to Central American economic recovery, to which the five Governments attached much importance.

23. UNCTAD hoped that the Assistant Administrator would be successful in carrying out the difficult task entrusted to him by the General Assembly of the United Nations. For its part, it would be glad to participate in and contribute to that effort and, to that end, would place its human resources and experience at the disposal of UNDP.

24. Mr. NISSEN (Norway), speaking on behalf of the Nordic countries, said that solutions to the serious problems facing Central America must be found through concerted efforts by the countries of the region, with the support of the international community. Accordingly, the Nordic countries welcomed the special plan of economic co-operation for Central America, the conceptual basis of which they approved. They noted that it had been formulated after an extensive dialogue with the countries of the region and that it therefore reflected the development priorities of the region as a whole. They also noted with satisfaction that the plan stressed the need to promote measures aimed at the revitalization and further development of co-operation and integration among the countries of Central America. For their part, the Nordic countries were prepared to use the plan as a frame of reference for their assistance to the region. They urged other donor countries to do likewise and were ready to discuss future co-operation with the countries of the region, and also with other donors and institutions, on the basis of the suggestions made in the plan.

25. For several years, already the Nordic countries had been co-operating actively and in various ways in the development of Central America. They had decided to increase and intensify that co-operation in order to contribute to the strengthening of the ongoing peace process. High priority would be assigned to support for the co-operation initiatives originating in the region itself in areas such as the environment, the co-operative movement, health, the role of women and other efforts conducive to the promotion of democracy. At the Pan-American Health Organization Conference, held at Madrid the

previous April, the Nordic countries had expressed their willingness to continue and increase their support for Central America's efforts in the health sector. Through national assistance programmes or joint Nordic programmes, in addition to the more traditional development activities, the Nordic countries were also ready to channel support to efforts that would strengthen co-operation, integration and democratization in the region. Furthermore, they were ready to support activities that would strengthen the legal system and the electoral process and promote human rights and NGO activities. Lastly, they were always eager to assist vulnerable groups, such as women and children, and to improve the situation of refugees and displaced persons.

26. For its part, UNDP could play an important role in the implementation of the development activities provided for in the plan and, in that regard, the Nordic countries hoped that UNDP would make use, where appropriate, of the existing regional institutions. They welcomed the establishment of a Group for Co-operation for Central America and had taken note of the fact that UNDP would act as co-ordinator of the Technical Committee to be set up as part of the Group.

27. Mr. PETRONE (Italy) said that his Government accorded a high priority to Central America and hoped, therefore, that the Council would decide to implement a special and urgent UNDP programme that would have an immediate impact on the economies of the countries of that region. In his view, the Programme's favourable financial situation should enable it to make a rapid and positive contribution. In that regard, he thought that the Administrator should lose no time in proposing an institutional mechanism that would enable UNDP to take rapid action. Italy was ready to collaborate with or, if so requested, to form part of such a mechanism. His Government believed that UNDP should allocate part of the Special Programme Resources to the special plan for Central America. However, the contribution of UNDP could only constitute a sort of start-up capital aimed at encouraging other multilateral, and particularly bilateral, donors to make their own financial contribution. His Government had set up a bilateral assistance programme for Central America, which was the most extensive after its programme for sub-Saharan Africa. It was willing to co-ordinate its own assistance programme with those of UNDP and also to entrust the latter with the execution of a large part of its bilateral programme.

28. Mr. TETTAMANTI (Argentina) said that his delegation shared the views expressed by the representative of Guatemala concerning the question under consideration which, in its opinion, merited urgent and particularly attentive examination by the Council.

29. As a member of the Support Group of the Contadora Group, Argentina was convinced that it was essential for the international community to support the agreement on the procedure for the establishment of a firm and lasting peace in Central America, which had been signed by the Central American Presidents at Guatemala City on 7 August 1987. Accordingly, his Government endorsed the General Assembly's appeal to the donor countries and to the organs and organizations of the United Nations system to grant additional funding so that immediate steps could be taken towards the achievement of the goals and objectives of the special co-operation plan. In that connection, the mandate and role of UNDP were very clear, as his delegation had already stated during the high-level segment of the discussion, and it was for the Council to

30. Mr. de LIMA (Brazil) recalled that, as his delegation had already stated during the high-level segment of the discussion, his Government attached great importance to the special plan of economic co-operation for Central America and was in favour of its implementation by UNDP.

31. Mrs. GARCIA-DONOSO (Ecuador) reaffirmed her delegation's support for the special plan of economic co-operation for Central America. In its resolution 42/231, the General Assembly had expressed strong support for that initiative and had urged UNDP to play a direct role in promoting the plan and, in particular, in implementing projects in the priority sectors that had been mentioned by the Regional Director for Latin America and the Caribbean. Her delegation endorsed the Administrator's suggestion that the opening of a special window for Central America within the framework of the special programmes would be a good way to release the extra ad hoc resources needed for the implementation of the programme for Central America.

32. Mr. OGAWA (Japan) said that his Government, which had joined the consensus in the General Assembly to adopt resolution 42/231, was doing its utmost to provide assistance for the countries of Central America. An economic co-operation mission had been sent to Costa Rica, Guatemala and Honduras the previous April to determine the development needs of those countries and examine ways and means of contributing to their growth. His Government was currently studying the findings of that mission.

33. As stated in General Assembly resolution 42/231, the organs and specialized agencies of the United Nations system, including UNDP, were expected to play a significant role in mobilizing and co-ordinating international assistance for the rehabilitation and development of that region. His delegation fully endorsed the activities in which those organizations were engaged in support of the special plan for Central America and was convinced that, as a co-ordinating agency in the field of technical co-operation, UNDP had a special role to play. It very much hoped that a specific proposal would be submitted concerning the contribution of UNDP to overall international co-operation to assist the countries of Central America.

34. Mrs. LASPRILLAS (Colombia) recalled that the General Assembly had endorsed the historic peace process that was currently under way in Central America and which it was endeavouring to supplement by a pragmatic financial programme aimed at ensuring its success. Her Government, which had been privileged to participate in that process as a member of the Contadora Group, sincerely hoped that the Council would attach the highest priority to the allocation of extra resources for Central America and that it would enable UNDP, in collaboration with the Secretary-General, to promote, co-ordinate and mobilize resources for the benefit of the region.

35. Mr. GARCIA-RAMOS (Cuba) said he supported the statement made by the representative of Guatemala on behalf of the countries of the region. Everyone was well aware that there could be no peace without development and without the elimination of social injustice. To establish that peace, the countries of Central America needed external resources to supplement their own. Accordingly, his delegation urged the Council to give its full support to the special plan of economic co-operation for Central America.

36. Mr. ROSELLO SERRA (Spain) said that the special plan of economic co-operation for Central America stemmed not only from the desire of the Governments and peoples of the region to take their economic, political and social destiny in hand but also from the imperative need to improve the social situation of the population. In that regard, it was noteworthy that the plan highlighted the promotion of mechanisms for the economic integration of the Central America countries. His Government considered that the UNDP Regional Bureau for Latin America and the Caribbean was the most appropriate organ to direct and supervise the implementation of the plan and called upon the international community to take resolute action to provide the peoples of that region with the assistance of which they were in dire need. Spain had always been greatly concerned, at both the bilateral and multilateral levels, with the situation in Central America. That was why his delegation had firmly advocated within the Council that additional resources should be allocated to ensure the rapid and efficient implementation of the plan.

37. Mr. GAJENTAAN (Netherlands) said he supported the efforts being made by the countries of Central America to build a peaceful and prosperous future. He also unreservedly supported the appeal that the General Assembly had made to the international community in resolution 42/231. In recent years, his Government had endeavoured to promote development and democracy in Central America as part of its development aid programmes. His delegation approved the role envisaged for UNDP in the process of co-ordinating, supervising and implementing the special plan of economic co-operation for Central America and also endorsed the request for extra resources to support the efforts being made by the countries of the region. It had noted with interest the statement by the Assistant Administrator concerning the action being taken to devise an institutional mechanism for the co-ordination, implementation and monitoring of the plan.

38. Mr. ARREDONDO (Observer for Mexico) reaffirmed his Government's support for the peace process in Central America and, in particular, for the special plan of economic co-operation.

39. Mr. VENE (France) said that his Government supported the special plan of economic co-operation, a support that had been expressed in the form of the aid that the countries of the European Economic Community had been providing since February 1988. His delegation hoped that, in accordance with General Assembly resolution 42/231, UNDP would put the co-operation in question into practice as soon as possible.

40. Mr. GERDAU (Peru) said he, too, was in favour of the special co-operation plan. As a member of the Group of Eight, Peru was actively seeking a solution to the serious economic and social problems bedevilling the countries of Central America. His Government was already endeavouring, as far as possible, to promote the development of the region, within the context of TCDC. It would do everything in its power to ensure that the special plan was implemented rapidly and believed that the current financial situation of UNDP should make that possible.

41. Mr. de ROJAS (Observer for Venezuela) said he, too, supported the implementation, with UNDP assistance, of the special plan of economic co-operation. His Government was already contributing, as far as its means allowed, to the efforts that were being made to solve the problems of Central America, either directly or through the various mechanisms established by the

Contadora Group and the Support Group. His delegation had also participated in the formulation of the special plan of economic co-operation and in the adoption of General Assembly resolution 42/231.

42. Mr. MILTNER (Austria) said that his delegation, having been a sponsor of General Assembly resolution 42/231, obviously supported operative paragraph 6 in which UNDP was urged to continue and expand its assistance programme and to co-operate with the Secretary-General in the implementation of the activities supporting the objectives of the special plan. His Government hoped that, within the framework of the reallocation of the so-called "additional" resources, UNDP would provide an adequate amount for the special plan for economic co-operation. Furthermore, his Government would study the existing documentation on that subject and would decide whether it might be able to strengthen its bilateral co-operation with the Central American countries.

43. Mr. PETTITT (United Kingdom) said that he would like to have copies of the written texts of the statements made by the Assistant Administrator and the Regional Director introducing the special plan of economic co-operation for Central America. He would also like to know whether Mr. Ramírez-Ocampo had spoken in his capacity as Assistant Administrator of UNDP or in his capacity as head of the United Nations technical mission that had been dispatched under the terms of General Assembly resolution 41/204.

44. His delegation supported the peace process in Central America and had therefore joined the consensus that had led to the adoption of General Assembly resolution 42/231, which it had accepted on the understanding that it would be for the various organizations concerned, including UNDP, subsequently to take the necessary decisions to define the role that they were to play in support of the efforts of the Central American countries and to adapt their programmes in the light of the special plan. As a bilateral donor, the United Kingdom was eager to ensure that its bilateral assistance to Central America was fully co-ordinated with that of other bilateral and multilateral donors.

45. At its current session, the Governing Council was called upon to take a two-fold decision: firstly, it must specify the nature of UNDP participation in the special plan, since the extent of that participation had not been clearly defined in resolution 42/231 (paras. 3, 6 and 7); secondly, it must decide on the changes to be made to the UNDP programme in order to ensure its optimum commitment to the work of the Central American countries. To that end, it would be necessary to take into account the resources available under the national and regional IPFs, as well as the additional resources that were expected to emerge from the mid-term review. His delegation hoped that, on the first point, the UNDP secretariat would make specific proposals and that, on the second point, it would provide figures.

46. Mr. PASQUIER (Switzerland) said that his delegation supported the efforts to promote regional co-operation in Central America and welcomed the fact that UNDP would be participating in the co-ordination of those efforts and in the mobilization of resources. For its part, his Government had recently made a contribution of about 3 million dollars by way of participation in a regional project for Central America of the Pan-American Health Organization. It was willing to consider other proposals for participation in regional programmes in Central America.

47. Mr. SAHLMANN (Federal Republic of Germany) said that his Government was greatly interested in the political and economic development of Central America and had helped to organize the San José Conference at Hamburg in March 1988. He also pointed out that the European Community had constantly shown its support for the peace and development process in Central America.

48. As a sponsor of General Assembly resolution 42/231, his delegation welcomed the fact that UNDP would be co-ordinating the activities to be undertaken in support of the objectives of the special plan, namely, contributing to the peace process in Central America on the basis of the Esquipulas agreements, overcoming the emergency situation and enhancing development in the Central American countries and strengthening and reactivating the regional integration process in Central America.

49. The special plan could be considered only as a first step. Consequently, every effort should be made to implement successfully the activities described therein. To that end, it appeared necessary to prepare the projects envisaged in the plan in more detail as soon as possible in order to facilitate their implementation. As the major multilateral institution for technical co-operation, UNDP was called upon, in close consultation with the Central American countries and with other international organizations, to serve as a broker and advisor to all the parties concerned in the implementation of the plan.

50. To do so, UNDP would require the resources needed to prepare the projects and ensure the necessary co-ordination. His Government supported the idea of establishing a Group for Co-operation for Central America, which would meet periodically to discuss the implementation of the special plan and to ensure adequate co-ordination among the multilateral and bilateral donors. A regional project would enable UNDP to play an important role in the preparation and co-ordination of the implementation of the special plan. The financial resources needed for that regional project could be made available from the regional IPF, within the context of the reallocation of resources as envisaged in the mid-term review.

51. Mr. WIESEBACH (United Nations Industrial Development Organization) said that his organization had worked with UNDP and ECLAC on the preparation of the special plan and was willing to participate in its implementation in the field of economic reactivation and social development, particularly in regard to the industrial rehabilitation and reconversion programmes (A/42/949, paras. 81 to 86), investments in the energy sector (paras. 108 to 117) and the strengthening of the production capacity of marginal groups (paras. 137 to 141). UNIDO believed that it was important to strengthen integration mechanisms such as the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) and the Central American Bank for Economic Integration (CABEI) and many others, since, in view of the small size of the national markets, industrial development would be made possible only by an increase in subregional demand.

52. UNIDO had contributed to the definition of a number of projects mentioned in the annex to document A/42/949 under the headings "Economic reactivation" and "Social development" and was ready to use the means at its disposal in the region and at headquarters to contribute to the success of the plan.

53. Mrs. SENECA (Canada) said that, during the discussion in the General Assembly on the subject of the special plan of economic co-operation for Central America, her delegation had declared itself in favour of support for economic development as a necessary complement to the peace efforts in the region. Her delegation had taken note of the proposals concerning the institutional mechanism that would be responsible for co-ordinating support for the implementation of the plan, and, like the delegation of Italy, was willing to consider proposals to entrust UNDP with the task of mobilizing financial resources to support the implementation of the plan.

54. Mr. MATUS (Observer for Chile) said that, in his Government's view, peace and stability were inseparably linked to development and, consequently, his delegation also wished to declare itself in favour of the proposed special plan.

55. Mr. ZALLES (Observer for Bolivia) said he fully supported the implementation of General Assembly resolution 42/231 and hoped that the efforts to establish peace in Central America would bear fruit as soon as possible.

56. Mrs. DUDIK-GAYOSO (United States of America) said that her delegation supported the objectives of the special plan of economic co-operation for Central America, which correctly pointed out (A/42/949, para. 174) that the primary responsibility for the actions and activities envisaged lay with the governments and peoples of Central America, external co-operation playing only a complementary role in the national efforts which, to be effective, must be accompanied by across-the-board reforms. Since 1985, her Government had provided \$4 billion in bilateral economic aid to the countries of the region, in addition to at least \$1 billion in contributions paid to the various international organizations that had decided to increase their assistance to countries, such as Costa Rica, which had implemented comprehensive reform programmes.

57. With regard to the co-ordinating role that UNDP would be called upon to play in the application of the special plan, she referred to the example of the Caribbean Group for Co-operation in Economic Development and recalled that IBRD played a central role in that Consultative Group, and had done much to ensure its effectiveness and credibility.

58. With respect to the envisaged institutional mechanisms, she pointed out that there was already a country programming process, that the UNDP field offices were already responsible for co-ordinating assistance provided by the United Nations system, and that there were a number of regional institutions which could form the core for a coherent effort to achieve the plan's objectives. UNDP should take that into account when deciding what additional mechanisms might be needed for it to play the role assigned to it by resolution 42/231 and also to determine how its own resources should be channelled towards support for the plan. In that regard, useful lessons could undoubtedly be learned from the experience gained by the Regional Bureau for Africa in the application of the United Nations Programme of Action for African Economic Recovery and Development. The Governments of the Central American countries would also have to decide how their own national co-ordination mechanisms should fit into a larger system. However that might be, a general implementation mechanism covering five very different countries would have a natural tendency towards a self-defeating complexity.

59. With regard to financial resources, her delegation hoped to have the opportunity to give more detailed consideration to the proposals concerning the use of national and regional IPFs, as well as the Special Programme Resources, and to determine how the specific proposals related to existing plans.

60. Mr. DAH (Burkina Faso), speaking on behalf of the African countries, said that the latter, in a spirit of active solidarity, supported General Assembly resolution 42/231, since they were convinced that peace in Central America was an indispensable prerequisite for the development of the peoples of the region.

61. Mr. ELFORGANI (Libyan Arab Jamahiriya) said he endorsed the appeal made by other delegations in favour of support for the special plan of economic co-operation for Central America.

62. Mr. RAMIREZ-OCAMPO (Assistant Administrator and Regional Director for Latin America and the Caribbean) said he welcomed the widespread support that had been shown for the special plan and thanked the members of the Governing Council for having thereby confirmed the consensus obtained by General Assembly resolution 42/231, which had been sponsored by 52 countries. In reply to the representative of the United Kingdom, he said that he had spoken in his capacity as Regional Director for Latin America and the Caribbean and he paid tribute to the whole UNDP administrative team, which had been of valuable help to him in presenting the plan. The latter constituted a frame of reference to guide the initiatives to be taken by the international community and was also the outcome of a collective and coherent effort on the part of many institutions, as could be seen from the 151 projects mentioned in the annex, many of which could be put into effect very quickly.

63. He was certain that, if UNDP was to play a catalytic role as co-ordinator of the efforts of the international community, as had been requested by the General Assembly, it would have to engage in extra activities and help to prepare and refine the project documents. At all events, UNDP was acting in accordance with its institutional mandate by continuing to play the leading role in activities relating to the provision of the technical assistance that countries needed for their development. Moreover, a very large number of the 151 projects that had been proposed in the plan sought to improve the institutional capacity of the countries of Central America, in addition to that of the region itself and of its organizations, so as to enable them to absorb new resources and to carry out successfully the enormous task of implementing all those projects over the next three years. He much appreciated the attitude of the delegations that had stated that UNDP needed additional resources to play its role as the agency responsible for mobilizing the means to help the Central American region.

64. With regard to the mechanism to be established, consultations were under way with the countries concerned in the region and a consensus was emerging with regard to its principal features. Consultations would soon be held with the donor countries. UNDP had submitted some suggestions concerning that mechanism, and hoped to hear the reactions of the donors at a meeting that would be held in New York in the near future.

65. Lastly, he commended the tremendous effort that had been made over the last five years by the Governments and peoples of Central America in their search for peace and development and paid tribute to their spirit of

abnegation and their sincere desire for reconciliation. The fact that the Esquipulas peace plan was continuing to make progress, despite enormous difficulties, should encourage the international community to make the economic and social co-operation effort required of it. The extremely strong support for the special plan that had been expressed in the Governing Council strengthened his conviction that UNDP would receive the resources that it needed to underpin the plan.

66. The PRESIDENT suggested that the Governing Council should request the Drafting Group to prepare a draft decision on the item that had just been considered.

67. It was so decided.

PROGRAMME PLANNING (agenda item 5):

(a) FOURTH PROGRAMMING CYCLE:

(ii) NET CONTRIBUTOR STATUS (DP/1988/70 and Corr.1)

68. Mr. BROWN (Associate Administrator) introduced document DP/1988/70 and Corr.1 which provided an update of the results of the latest consultations between UNDP and Governments on their acceptance of the net contributor obligations specified in paragraphs 11-13 of decision 85/16. In fact, many Governments had not made their position clear and, consequently, it had been agreed in Governing Council decision 88/8 that the Administrator would provide the Council, at its thirty-fifth session, with updated details, together with supporting information assessing the potential shortfall in contributions by the countries concerned during the fourth programming cycle. The Administrator was also to submit specific proposals to the Council on how to deal with various issues which had arisen in connection with the implementation of paragraphs 11-13 of decision 85/16.

69. Page 3 of the document contained a comprehensive table indicating the intentions of the recipient Governments that were required to achieve net contributor status during the fourth programming cycle, together with their contributions to the Programme during the third cycle and the first two years of the fourth cycle. Since the preparation of the report, some Governments had paid voluntary contributions to the Programme or had indicated their intention to do so. The Government of the United Arab Emirates had clarified its intentions with regard to its voluntary contributions and the Government of Oman had officially accepted the net contributor obligations (DP/1988/70/Corr.1). He also drew the attention of the Council to corrections that should be made in the data and information appearing in the table on page 3 of document DP/1988/70, of which he had circulated a corrected version to replace that appearing in the document and to which he invited the members of the Council to refer during the continuation of the debate.

70. A projection of the hypothetical shortfall for the first two years of the fourth programming cycle (1987 and 1988) had thus been made on the basis of the latest information. The (amended) table on page 3 showed that, during the period 1987-1988, the voluntary contributions of 15 of the 17 countries that were expected to become net contributors would probably be less than the cost of delivering their pro-rated fourth cycle IPF for those two years. On referring to column 12 of the table, it would be noted that all but two

countries showed a shortfall, the two exceptions being Saudi Arabia and Libya. Five of the 15 countries showing a shortfall were in a position to offset their programme costs during 1987 and 1988 with resources carried over from the third cycle: they were Iran, Nauru, Singapore, Bermuda and Brunei. That situation had resulted from underexpenditure and had nothing to do with acceptance or refusal of the status of net contributor.

71. Six of the 17 countries appearing in the table on page 3 had formally accepted their net contributor obligations which, for UNDP, signified that those countries expected to increase their contributions during the remaining years of the programming cycle to the extent needed to rectify their shortfall. The countries in question were: Oman, Netherlands Antilles, Aruba, the United Arab Emirates, Saudi Arabia and Qatar. Two countries - Gabon and Bahrain - had not accepted their net contributor obligations (column 3). The remaining nine countries had either not made their position clear or had entered various reservations (column 4).

72. After summarizing the broad issues that had been addressed in the report with regard to the provisions of decision 85/16 relating to net contributor status, he said that he hoped to receive instructions from the Governing Council on the following points: (i) the programme planning parameters which should be taken into account with effect from 1989 in the case of the 11 countries that had not formally accepted their net contributor obligations (DP/1988/70, paras. 8-10); (ii) what UNDP policy should be with regard to the maintenance of field offices in net contributor countries which surrendered their IPF or for which IPFs might be phased out as a result of the shortfall in their voluntary contributions (DP/1988/70, paras. 11-16); and (iii) the new frameworks for co-operation which would be established for net contributor countries, particularly those in which UNDP would no longer have a programme funded by the IPF (DP/1988/70, paras. 18-20). As things stood there was one country which, although it did not have an IPF-funded programme had requested UNDP assistance in administering the programme that was fully funded by itself. That country was Kuwait which, although lacking an IPF, had a UNDP office and a Resident Representative. In such a case, he wondered whether it was the intention to apply the standard agreement, which was based on the hypothesis that UNDP was providing the country in question with assistance.

73. Finally, the report also dealt with specific issues concerning individual net contributor countries (DP/1988/70, paras. 21-42). For example, Gabon had requested exemption from the net contributor provisions due to the deterioration in its economic situation since 1983 (para. 23). The Council was asked to consider arrangements under which a country whose latest per capita GNP had fallen below a certain margin of the threshold, which was currently set at \$3,000 and at \$4,200 for island developing countries, would no longer be considered a net contributor. In the case in point, Gabon's GNP had dropped from \$3,950 in 1983 to \$3,030 in 1986 and was estimated at \$2,595 in 1987. Venezuela was in a similar situation. Accordingly, that was a fourth question on which the Council was required to take a decision.

74. In conclusion, he noted that the report on net contributor status highlighted the changing nature of UNDP co-operation with net contributor countries and he requested guidance from the Governing Council on the various issues raised. The intention of the proposals submitted in the report was to establish a long-term framework for technical co-operation consistent with the basic principles, procedures and policies governing UNDP assistance. The

Administrator expected the Governing Council to confirm or reconsider the principles that had already been established and to give directives to settle the unresolved questions.

75. Mr. de ROJAS (Observer for Venezuela) suggested that the Council should approve the recommendations made by the Administrator in document DP/1988/70 (paras. 23 and 36) to the effect that countries whose per capita GNP had dropped below the threshold of \$3,000 set in paragraph 11 of resolution 85/16 should be exempted from the net contributor obligations. It was not a question of reopening the debate on the provisions of that resolution, and even less of according special treatment to Venezuela, but simply of the equitable application of the concept that countries whose per capita GNP clearly exceeded a pre-determined level should make larger financial contributions to the Programme.

76. For more than 10 years, Venezuela had been one of the few developing countries to remain a net contributor and, although it intended to continue making every effort to support the Programme, it did not wish its IPF to be reduced during the fourth cycle as a result of its inability to make contributions on the same scale as in the past. It should not be forgotten that the bolivar had been devalued by 300 per cent since 1983 and that his country's external debt servicing burden had been correspondingly increased. His delegation had submitted to the members of the Council a preliminary draft decision which, in its opinion, settled the question without being detrimental to the financial integrity of UNDP or to the programmes of other countries. He thanked the delegations which had already supported that proposal.

77. Mr. KAMAL (Observer for Bahrain) gave an account of the obstacles with which his country was faced due to its dependence on oil, its reserves of which would probably be exhausted by the year 2010 in spite of the low level of national production (40,000 barrels per day). Moreover, his country was largely dependent on world markets and, consequently, the sharp decline in oil prices and fluctuations in exchange rates, as well as in supply and demand, were seriously affecting its financial situation and the resources that it was able to allocate to development. Bahrain also lacked skilled labour, which it had to import at great expense. Furthermore, the shortage of water limited the prospects for agricultural development. Its territorial waters overlapped those of other countries and, therefore, under the Convention on the Law of the Sea, Bahrain did not have full enjoyment of its maritime economic zone. Finally, the situation in the region remained unstable due to the war in the Gulf.

78. In short, Bahrain was faced with the difficulties typical of island developing countries, to which the Council had referred in its resolution 86/33. The per capita GNP, which in the case of Bahrain amounted to \$10,620, did not take into account the real problems of island countries, particularly those with small populations, and did not therefore constitute an appropriate criterion to determine whether a country should be a net contributor. At all events, it placed island developing countries at a disadvantage since Bahrain, for example, not being able to fulfil its obligations in that regard, would see its IPF allocations reduced during the fourth cycle (DP/1988/70, para. 32) just when its assistance needs were increasing. Accordingly, his Government called upon the Council to defer any decision concerning its existing status and would like island developing countries to be exempted from the net contributor obligations.

79. He found it difficult to accept the proposal that the field offices in some net contributor countries should be closed if the latter were unable to meet the costs of those offices, since the countries in question were unable to dispense with their services, their practical experience of the problems posed by development and the direct link that they provided with UNDP. The idea of linking resident representative posts to the volume of UNDP activity in a given region was also difficult to accept.

80. In the last analysis, the restrictions and conditions that resolution 85/16 placed on UNDP assistance were incompatible with the universal and voluntary nature of the Programme, as defined in General Assembly resolution 2688 (XXV), and were hardly equitable in regard to island developing countries. The Council should therefore review them from the standpoint of its resolution 86/33.

81. Mr. WILLIAMS (Observer for Trinidad and Tobago) recalled that, during the drafting of resolution 85/16, his delegation had opposed the concept of net contributor status, believing that the Programme should retain its universal and voluntary character and avoid rigid distinctions between donors and recipients. However, his Government had agreed that priority should be accorded to the least developed countries, since it had been found that technical assistance needs differed in accordance with the stage of development of the various countries.

82. His Government had therefore challenged the exclusive use of per capita GNP as an indicator to determine not only the allocation of the Programme's resources but also the stage of economic development of a given country and, consequently, its exclusion from grant funds. By itself, that indicator was unable to determine adequately the technical capacity and the needs of any developing country and it could give a misleading picture of the actual situation in small island developing countries which, by virtue of their size and the limited resources at their disposal, were at the mercy of price fluctuations or a deterioration in the international economic environment.

83. Moreover, it was surprising that net contributor status had been determined on the basis of the per capita GNP for the year 1983 alone. The economic and social situation in Trinidad and Tobago had changed dramatically since that date: its per capita GNP had declined by 44 per cent, from \$US 6,056 in 1983 to \$US 3,420 in 1988. The image of Trinidad and Tobago as a rich country that had attained an advanced level of development was therefore a false one. In fact, the collapse of its principal economic sector had affected the whole economic system: national income had plummeted, unemployment was estimated at 22 per cent of the active population and the situation would probably continue in spite of the efforts that the Government had made to rectify it. The spectacular decline in export revenues had severely strained the country's external account and its debt servicing difficulties were being compounded by the fact that most of its loans would be maturing over the next few years. It had proved extremely difficult to raise resources on international capital markets. However, it was, inter alia, on the rationale that net contributors had easier access to financial markets

that it had been decided that those countries should no longer benefit from UNDP assistance on concessional terms. In current circumstances, it was evident that Trinidad and Tobago was not in a position to fulfil its net contributor obligations and that UNDP technical assistance was indispensable. Moreover, the difficulties that had been encountered in implementing decision 85/16 gave reason to believe that the Council should review its position on that issue.

The meeting rose at 1.15 p.m.

