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on Monday, 27 June 1988, at 10 a.m.

President: Mr. MANGWAZU (Malawi)

CONTENTS

Statement by Prince Sadruddin Aga Khan, Co-ordinator for United Nations
Humanitarian and Economic Assistance Programmes relating to Afghanistan

Other funds and programmes (continued)

- (b) New arrangements in the United Nations Development Programme in the field
of science, technology and energy
- (c) Replenishment of the United Nations Revolving Fund for Natural Resources
Exploration

Programme implementation (continued)

- (b) Special programmes
 - (ii) Assistance to the Palestinian people

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consolidated in a single corrigendum, to be issued shortly after the end of
the session.

The meeting was called to order at 10.10 a.m.

STATEMENT BY PRINCE SADRUDDIN AGA KHAN, CO-ORDINATOR FOR UNITED NATIONS
HUMANITARIAN AND ECONOMIC ASSISTANCE PROGRAMMES RELATING TO AFGHANISTAN
(SG/CONF.3/1)

1. Prince Sadruddin AGA KHAN (Co-ordinator for United Nations Humanitarian and Economic Assistance Programmes relating to Afghanistan) said that UNDP had played a key role in the organization of assistance to Afghanistan, both by compiling an extremely useful background document in March 1988 and by participating in the organization of inter-agency meetings on Afghanistan, to which it had contributed by its competence and its knowledge of the area. The Administrator had also offered him the support of UNDP staff both at Headquarters and in the field.

2. Under the co-ordinated programme, UNDP was responsible for providing technical assistance to statistical and planning agencies, carrying out surveys and feasibility studies and providing for the preparation, monitoring and management of a wide variety of projects in agriculture, health, water supply and sanitation, rural infrastructures, industrial rehabilitation, education, etc.

3. The members of the Governing Council were aware that there was virtually no limit to needs in Afghanistan. Firstly, there were over 5 million Afghan refugees, mainly in Pakistan and Iran. More than 100,000 Afghans with valuable skills were outside the country, over 2 million had been displaced within the country and the war had taken nearly 1 million lives.

4. The infrastructure had suffered considerable damage. In the educational sector, the number of pupils in primary schools had fallen from 830,000 in 1978/1979 to 615,000 in 1986/1987. During the same period, the number of pupils in secondary schools had fallen from 92,000 to 85,000 and the number of students in vocational training schools, from 21,000 to 18,000. Over 2,000 schools had suffered war damage. The health infrastructure had also suffered, since 130 of the 220 health centres had been damaged. There were 3,000 hospital beds in Kabul and 2,100 in the rest of the country. As to the water supply situation, 8 per cent of the rural population and 30 per cent of the urban population had access to drinking water. Roads had been damaged and trucks destroyed. The agricultural sector, which was the backbone of the Afghan economy, since it provided a livelihood for 85 per cent of the population, had suffered greatly. Wheat production had fallen by 50 per cent and the areas planted with wheat had declined by 30 per cent. Five million head of livestock, or 20 per cent of the total, had been lost. Fifty per cent of the total number of draught animals had either perished or been taken away by the refugees.

5. That was the situation that had led the Secretary-General to launch his appeal for action by the international community to restore the Afghan people's confidence and pave the way for the the refugees return. Afghans were a proud and courageous people who wished to take control of their own future without asking for charity, but they needed assistance. A preliminary donors' meeting had given Governments an opportunity to raise questions of concern to them. The Co-ordinator had received pledges of contributions from Sweden, Finland, Switzerland, Austria, Denmark, the Netherlands, Canada, Norway and the United Kingdom. Australia had announced its intention of

contributing to the co-ordinated programme and total contributions pledged to date in cash and in kind amounted to \$33 million. Some contributions were earmarked for special purposes, while others were to go to the Emergency Fund for Afghanistan. He hoped that the contributions pledged would encourage other donors to come forward.

6. It was clear that the political space for the implementation of the co-ordinated programme existed. He had obtained from the Kabul authorities an agreement similar to that concluded with UNHCR, authorizing assistance to be provided, without any government interference, to everyone in Afghanistan who needed it, in whatever part of the country they might be.

7. Mr. KHERAD (Observer for Afghanistan) said that his country greatly appreciated the humanitarian and economic assistance programmes relating to Afghanistan and welcomed the appointment of Prince Sadruddin Aga Khan as their Co-ordinator. The international community was aware of Afghanistan's backwardness and of the problems it faced as a least developed land-locked country where the consequences of nine years of war had compounded those inherited from the past. Afghanistan was in need of assistance not only in greater volume, but also with more flexibility in terms of methods, policies and co-operation procedures.

8. It was essential for the least developed countries to assume responsibility for their own development, firstly by means of a thorough-going reform of economic and social structures that would be designed to strengthen their planning capacity. The role of outside assistance was to supplement the efforts being made at the national level through support measures at the international level: sustained assistance that was geared to the country's particular situation and needs and that could serve as a catalyst for development would help tremendously and be greatly appreciated. Afghanistan had, of course, received bilateral aid, as well as assistance from various United Nations agencies and programmes, but that was not enough. It viewed the Secretary-General's initiative and the co-ordinated programme as good examples of multilateral co-operation and humanitarian and economic assistance. The modalities of the United Nations co-ordinated programme, the various aspects of refugee repatriation and the assistance provided by international organizations for Afghanistan's rehabilitation had been examined during the Co-ordinator's stay in Afghanistan, which fully supported him in his task and would do everything possible to ensure the implementation of the programme in the interests of all Afghans.

9. In his appeal, the Secretary-General had emphasized that humanitarian and economic assistance to Afghanistan should not be used for political ends. Now that the Geneva accords had paved the way for the normalization of the situation in Afghanistan, such assistance would make a decisive contribution to repairing the damage to the economy, relieving the sufferings of the Afghan people and eliminating the serious after-effects of nine years of war. His delegation welcomed the results already achieved by the Co-ordinator and was convinced that the programme being set up would have useful and lasting effects on the country's development.

10. Mr. PETTITT (United Kingdom) asked to what extent the activities of the United Nations bodies that had continued to work in Afghanistan itself, or for the Afghan people, would be co-ordinated as part of the plan of operations envisaged by the Co-ordinator. His delegation was thinking particularly of the UNDP, UNICEF and UNHCR programmes.

11. Prince Sadruddin AGA KHAN (Co-ordinator for United Nations Humanitarian and Economic Assistance Programmes relating to Afghanistan) thanked the Afghan delegation for reaffirming its Government's willingness to do everything possible to enable him and all United Nations agencies to carry out their task in Afghanistan and assist all Afghans in need, wherever they might be.

12. Replying to the question by the representative of the United Kingdom concerning the co-ordination of activities of United Nations bodies and agencies in Afghanistan, he said that all the programmes the United Nations agencies were currently implementing in the area would be continued. He would be concerned with the activities to be undertaken in response to the Secretary-General's appeal. He would have to ensure that the United Nations system had a single plan of action, as defined in that appeal, and that donors had a single interlocutor, namely, himself. To fulfil that task, he hoped to have the necessary administrative and financial autonomy and to be able to monitor the financing of the programmes to be started up. He also hoped to have a data base in the information centre in Geneva so that donors could be informed at any time about the use being made of their contributions in the field. He also intended to establish a focal point for constant consultations not only with United Nations bodies, but also with non-governmental organizations, which would have an extremely important role to play. He was in the process of establishing inter-agency teams of experts who would go to Afghanistan to identify the areas where Afghan refugees, as well as internally displaced Afghans, who were candidates for voluntary repatriation would be received.

13. UNDP had a programme in Afghanistan which had been slowed down considerably because of the war. If the experts of the inter-agency teams to which he had referred could identify particular needs, especially in terms of infrastructure (irrigation systems and communications networks), UNDP would then have a decisive role to play. He intended to remain in close contact with the Administrator of UNDP and with all the United Nations specialized agencies which were to take part for 18 months in the first phase of the programme - that of immediate relief and rehabilitation. The second phase (1990-1993) would consist of the longer-term rehabilitation of the country's infrastructure, and UNDP and the specialized agencies would play a more active role in financing the work to be done. That phase should gradually lead to a more normal situation in which a country programme of the same type as those under consideration by the Governing Council could be envisaged.

14. Mr. PETRONE (Italy), referring to the explanation which the Co-ordinator had just given, said that the better co-ordination within the United Nations system was, the more donors would be encouraged to give financial support to the programme that was being established. The Co-ordinator had stated that he expected to rely heavily on UNDP's competence and structure. His delegation recalled that, in the field, in particular, the proliferation of offices did not necessarily enhance programme implementation. It was convinced, however, that, on the basis of his long years of experience, the Co-ordinator would find the most appropriate solution.

15. Italy had already informed the Co-ordinator that it intended to contribute substantially to the co-ordinated programme. It was particularly interested in the health and sanitation sectors, as well as in the transport sector. Since those two sectors called for extremely complex planning, Italy intended, when announcing its contribution, to call on UNDP for help in delivering its assistance.

16. Lastly, his delegation would like to be certain that, in his negotiations with the Afghan authorities, the Co-ordinator had indeed secured the kind of status for United Nations agencies that would enable them to provide assistance in all areas of the country.

17. Prince Sadruddin AGA KHAN (Co-ordinator for United Nations Humanitarian and Economic Assistance Programmes relating to Afghanistan) said that he welcomed with satisfaction the Italian Government's intention to make a very generous contribution to the programme of humanitarian assistance for Afghanistan and shared the Italian representative's opinion that it was absolutely essential to co-ordinate such assistance. The many United Nations bodies taking part in the programme had all expressed the hope that such large-scale operations would be co-ordinated from the outset. Specifically, he would make use of the many existing field structures and installations in the region, particularly those of UNDP, since the Administrator had placed them at his disposal, but he would still have to be represented by one or two persons who might also act as roving envoys. That was the wish not only of United Nations bodies, but also of Pakistan and Iran, the countries that had received Afghan refugees. The non-governmental organizations working in the field had also expressed the hope that they would be able to take part in the operations and they would like their role to be clearly defined. He would have to carry out certain tasks, such as mine clearance, which were not within the agencies' competence. He had already had some useful exchanges of views with a number of Governments on how to tackle the problem, to be followed up in the field by his representatives.

18. The representative of Italy had very rightly stressed the need for integrated planning, particularly in the transport sector. He would no doubt have a clearer idea of the problem when the expert missions sent into the field had reported back to him.

19. Mr. NASSERI (Observer for the Islamic Republic of Iran) said that he could assure the Co-ordinator of his Government's full co-operation in the performance of his humanitarian task. Iran, which had received a large number of Afghan refugees, was obviously grateful for the contributions which had already been pledged to the assistance programme, but it noted with concern that their level was still well below the estimated cost of the operations of the various United Nations bodies and would be insufficient to cover even the estimated expenditure for UNHCR operations. He would therefore like to have some details on the means the Co-ordinator planned to use to obtain more funds and, at the very least, a start on the initial activities. He would also be interested to know whether a timetable for the implementation of the assistance programme as such had been drawn up.

20. Prince Sadruddin AGA KHAN (Co-ordinator for United Nations Humanitarian and Economic Assistance Programmes relating to Afghanistan) said that he understood the concern expressed by the representative of the Islamic Republic of Iran about the very low level of contributions pledged to the assistance programme to date, but he recalled that the Secretary-General's appeal had been made only recently and that the preliminary donors' consultation had taken place only a short while earlier. Governments had therefore as yet had no real opportunity to consider the programme and to determine to what precise extent they could respond to the appeal. The Secretary-General and himself would shortly consider the question of the date of the pledging conference.

21. In the meanwhile, he had already discussed the problems encountered by countries receiving Afghan refugees - and other questions - with the major donors, particularly the countries of the European Economic Community. The Community intended to participate fully in those humanitarian activities, since it had been following the question of Afghanistan for some time. Contributions would undoubtedly be pledged all the more rapidly if project implementation could begin immediately. The only means of deciding on the timetable and implementation procedures was to examine the situation on the spot with the major interested parties. The inter-agency expert missions therefore had to be able to go to the parts of Afghanistan near the Iranian and Pakistani borders and elsewhere in the country, as necessary. During the current week, he was to discuss with the High Commissioner for Refugees the question of the composition, timetable and technical organization of the missions, which, he hoped, would be able to leave in July.

22. In order to face up to the enormous challenge with which it was confronted, the United Nations had to combine pragmatism and idealism, assess its task realistically and be ready to act promptly under the Geneva accords on Afghanistan with a view to strengthening peace and helping the people who had suffered for so long to start living normally again.

23. Mr. DRAPER (Administrator, United Nations Development Programme) thanked Prince Sadruddin Aga Khan for his excellent summary of the situation of the needs to be met and of the responsibilities of the sectors of the international community that were to take part in Afghanistan's reconstruction. He noted with satisfaction that the Afghan authorities had agreed to allow UNDP to conduct its activities outside Kabul, provided that assistance was not to be used for political ends, but UNDP was basically apolitical. Since the Programme had long been obliged to restrict its activities to the Kabul area, it was possible that part of the \$70 million or so still available under the country's IPF could be used for assistance projects for other areas of the country.

24. He welcomed with great satisfaction the Co-ordinator's extremely logical and sensible decision to use UNDP field staff as far as possible in order to ensure co-ordination. UNDP had already organized an initial inter-agency meeting to assist the Co-ordinator and the UNDP Resident Representative in Kabul had been replaced and transferred to Geneva, where he would work with the Co-ordinator on a full-time basis.

25. In conclusion, he invited countries to respond very generously to the Secretary-General's appeal with a view to raising more than \$1 billion for a country that had suffered so much in recent years.

26. The PRESIDENT, speaking on behalf of the Governing Council, thanked Prince Sadruddin Aga Khan for having informed the Council of the situation in Afghanistan and of the assistance programme which the United Nations intended to implement in that country. There was no doubt that, with his vast competence, the Co-ordinator would be able to help the Afghan people to start living normally again and the Council wished him every success in carrying out that noble task. He suggested that it should take note of the statement made by the Co-ordinator at the current meeting.

27. It was so decided.

OTHER FUNDS AND PROGRAMMES (agenda item 8) ((continued)):

(b) NEW ARRANGEMENTS IN THE UNITED NATIONS DEVELOPMENT PROGRAMME IN THE FIELD OF SCIENCE, TECHNOLOGY AND ENERGY (DP/1988/47)

28. Mr. THYNESS (Assistant Administrator and Director, Bureau for Special Activities), introducing the report of the Administrator on new arrangements in the United Nations Development Programme in the field of science, technology and energy (DP/1988/47), said that, in bringing together under the same management - that of the UNDP Bureau for Special Activities - the United Nations Fund for Science and Technology for Development, the Energy Office Account and the STAS and TOKTEN projects, the General Assembly had wished to give developing countries access to a range of special services through a wide variety of UNDP technical co-operation channels in all parts of the world. The Administrator's report contained an evaluation of the effects of that reorganization on UNDP's activities in the fields of science, technology and energy. The new arrangements had certainly helped to make programming and monitoring personnel at Headquarters and in the field more fully aware of the importance of those questions and had enhanced the quality and effectiveness of scientific and technological activities at all stages in the project cycle.

29. In 1987, the Fund's work had followed three main directions: firstly, it had provided small amounts of strategically important "seed" money to initiate high-risk activities which could then be followed up by UNDP or other multilateral or bilateral programmes. Activities of that kind included a plan for support to small- and medium-sized enterprises and the creation of innovative enterprises, an international consulting consortium for Africa and assistance for the training of third world nationals in the management of technology.

30. Secondly, the Fund had taken steps to design science and technology-related projects at the request of developing countries and then to promote their financing through trust funds and co-financing arrangements. Japan and France had made co-financing contributions and the Federal Republic of Germany had agreed in principle to participate in such arrangements. Bahrain and the Gulf Co-operation Council countries were negotiating new cost-sharing arrangements.

31. Thirdly, the Fund was providing technical advisory services at the request of UNDP Resident Representatives and Bureaux on IPF-funded science and technology-related activities. Those services were reimbursed by UNDP. The Fund had already contributed to over 80 projects and had taken part in the work of the Project Appraisal Committee and the Action Committee as required.

32. The Fund was also working in close co-operation with the Centre for Science and Technology for Development in assessing the state of science and technology on the occasion of the tenth anniversary of the Vienna Conference.

33. Unfortunately, the core resources received by the Fund at the 1987 Pledging Conference had amounted to only about \$1 million, 40 per cent of which had come from some 20 developing countries. The scant interest shown by traditional donors in multilateral science and technology activities contrasted with the enormous importance attached to them by developing countries at a time when technological progress was offering new solutions to

third world problems. Trust funds were an essential tool for meeting new international co-operation requirements. By placing the United Nations Fund for Science and Technology for Development within the stronger institutional framework of UNDP and under the supervision of the Governing Council and the Administrator, the General Assembly had sought to inspire donor confidence and expand the Fund's resource base. Now that the year of transition towards the new arrangements had come to an end, he hoped that the 1988 Pledging Conference would produce good results.

34. Since the Energy Account had received practically no contributions in the past few years, the Administrator proposed to close the Energy Office and transfer its responsibilities to the Fund. Energy problems would nevertheless become acute again before the end of the century and some kind of mechanism for financing energy-related activities should be maintained.

35. Mr. YAO Wenlong (China) said that the financial and institutional reorganization of scientific and technological activities had made it possible, in one year, to increase the effectiveness of operational activities, save resources, increase UNDP's capacity to provide advisory services in that field and better co-ordinate the scientific and technological activities carried out under the Programme. He welcomed the results achieved by the Fund and urged it to continue its efforts.

36. China made considerable use of international scientific and technological co-operation and the projects carried out in China with the Fund's support and under co-financing arrangements had produced good results. Through the TOKTEN and STAS projects, it annually invited over 100 Chinese overseas experts and foreign specialists to come to the country and provide advisory services, organize seminars and help research institutes and production units to solve the technical problems they encountered.

37. He was concerned about the Fund's financial situation and supported the Administrator's appeal to Governments to contribute generously to the Fund. China would continue to provide resources to it to the extent of its capabilities.

38. Mr. PETTITT (United Kingdom) said that he shared the concern for economy and rationalization which had led the Administrator to propose the closure of the Energy Account. His delegation would refer to the question of the TOKTEN and STAS programmes when they were studied in depth, but it could already state that they were interesting initiatives. In more general terms, his delegation considered that science and technology should not be dealt with as separate areas for assistance, but should both be systematically taken into account in projects.

39. Mr. EL FORGANI (Libyan Arab Jamahiriya) asked what strategy the Fund was applying, following its reorganization, to assist the private sector in developing countries; whether special areas in the private sector had been set aside to receive assistance from the Fund; and whether plans had been made to develop co-operation between the public and private sectors in areas within the Fund's competence.

40. Mr. TOMINO (Japan), noting that technical co-operation was one of the most important of the Fund's responsibilities, said that the integration measures that were being applied or envisaged, such as the closure of the

Energy Account, could not but promote the harmonization of activities. The steps that would be taken following the closure of the Energy Account should not unduly disrupt ongoing activities.

41. Mr. PAYTON (New Zealand) said he was convinced that the energy sector was bound to assume a great deal of importance in the near future. UNDP would then have to be in a position to respond to new requests for assistance. His country had no objection to the idea of closing the Energy Office and the Energy Account. Technical advisory services in the energy field should, in its view, be linked to the Technical Advisory Division rather than to the Bureau for Programme Policy and Evaluation so that they would be as readily identifiable as possible.

42. Mr. THYNESS (Assistant Administrator and Director, Bureau for Special Activities) thanked the Chinese delegation for its continued support for the Fund, of which China was a faithful client. He explained to the representative of the Libyan Arab Jamahiriya that, with regard to relations with the private sector, the Fund applied UNDP policy across the board; it thus dealt with that sector only at the express request of Governments. It was Governments themselves that determined the parameters of any necessary co-operation between the Fund and the private sector.

43. In reply to the question by the representative of New Zealand concerning the position of advisory services in the UNDP organizational chart, he said that, ideally, if resources permitted, those services should be linked partly with the Bureau for Programme Policy and Evaluation and partly with the Fund for Science and Technology for Development, since most of the projects connected with the energy sector had aspects that related to science and technology. That was the reason for the arrangements proposed by the Administrator in paragraph 15 of his report (DP/1988/47), but, in the circumstances, flexibility was still in order and there was nothing final about the arrangements that had been made.

44. The PRESIDENT said that the Governing Council had concluded its consideration of agenda item 8 (b). He suggested that the question of new arrangements in the field of science, technology and energy should be referred to the Drafting Group so that it could prepare a draft decision.

45. It was so decided.

OTHER FUNDS AND PROGRAMMES (agenda item 8) (continued):

(c) REPLENISHMENT OF THE UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION (DP/1988/48, DP/NRE/PROJECTS/REC/8 and DP/NRE/PROJECTS/11)

46. Mr. THYNESS (Assistant Administrator and Director, Bureau for Special Activities), introducing the report of the Administrator on the replenishment of the United Nations Revolving Fund for Natural Resources Exploration (DP/1988/48), recalled that the Fund was a revolving fund in that its resources were replenished by payments from successful projects based on the proceeds of production. Practically none of the assumptions on which the replenishment formula had originally been based (DP/1988/48, section III) were valid now, largely because world prices for most solid base minerals had

fallen so drastically that exploration, whose cost had more than doubled, had become uneconomical. In addition, the Fund had failed to achieve the optimal level of activity that had originally been projected, namely, 20 operational projects per year.

47. The Fund's assistance was thus very advantageous for recipient countries. Not only did the Fund assume full financial responsibility for unsuccessful projects, but the replenishment payments claimed from successful projects were very modest. In successful cases, the Government concerned would be in a strong position vis-à-vis mining companies, since, instead of being a buyer of their services, it would be a seller of an economic resource.

48. In those circumstances, it might be asked why replenishment contributions should not be totally relinquished. There were two reasons why they should not be, the first being a financial one. Although full revolvability was still a remote possibility, that might not always be the case and the Fund could expect substantial supplementary funding from that source (DP/1988/48, section VII). The second reason was that the replenishment formula tied the Fund to economic criteria in project selection and implementation. The Administrator therefore recommended that the existing formula for the calculation of replenishment contributions should be retained, except that, in the case of discoveries of marginal economic value, the Fund should be authorized to negotiate with the recipient Government to change the rate of replenishment according to the anticipated degree of profitability.

49. In the case of feasibility studies, the Administrator proposed that there should be a significant reduction in contributions since the expenditures to be repaid would be subject not to the interest rate of nearly 8 per cent applied by the World Bank, but to the rate of 0.75 per cent applied by the International Development Association. In the case of geothermal exploration projects, the replenishment formula would remain unchanged, since experience with the Fund had been too short to allow anything useful to be proposed at the current stage. He took the opportunity to announce the discovery of a major geothermal reservoir in St. Lucia, under a joint project being executed by the Fund and the United States Agency for International Development. Anticipated production was expected to meet the country's total electricity requirements in the foreseeable future.

50. The Fund's successes to date, not only in St. Lucia, but also in Ecuador, Argentina, Benin, the Congo and other countries, encouraged UNDP to invite donors to make regular contributions to the Fund. If core contributions were not forthcoming, the Fund would eventually wither and die.

51. Mr. TOMINO (Japan) recalled that, in 1987, his delegation had supported the idea of reviewing the Fund's assistance procedures. Having completed the study, the Administrator had concluded that the existing formula for the replenishment of the Fund's resources was beneficial because it was linked to project profitability. The Administrator's recommendations could hardly be disputed and his delegation hoped that a larger number of promising projects would be referred to the Fund.

52. Mr. PAYTON (New Zealand) said he, too, considered that there was no reason to change the formula for the replenishment of the Fund's resources. His delegation would continue to support the Fund by making contributions to its core resources. He asked when an evaluation of the geothermal energy activities carried out in St. Lucia might be made available to the Governing Council.

53. Mr. KUFUOR (Ghana) said that, both in terms of its design and its activities, the Fund was genuinely useful for the developing countries, particularly those which depended on one commodity as the main foreign exchange earner, whereas they had other natural resources that remained unexploited for lack of capital and technical know-how. Unfortunately, the Fund's resources were all the more limited because they had to be replenished by the countries that benefited from projects financed by the Fund. The rate of replenishment for the least developed countries should not in any event be more than 1 per cent of the value of annual production resulting from Fund projects. In places where exploration was uneconomical the amounts provided through the Fund should be considered as a grant. The rules for the replenishment of the Fund's resources should in any case be reviewed from time to time so that they could be made more flexible, if necessary.

54. With regard to feasibility studies, his delegation agreed with the Administrator's recommendation for repayment of expenditures and an annual service charge at the rate currently applied by IDA. A grant element should, however, also be worked into the cost recovery concept. The existing requirement of repayment to the Fund of its expenditures within five years at commercial rates of interest detracted from UNDP's role as a technical assistance agency.

55. On 21 December 1987, the Government of Ghana and the Fund had signed an agreement for prospecting for precious and base metals in Ghana (DP/NRE/PROJECTS/REC/8). The total cost of the project was estimated at \$2.7 million. The Administrator had already given his approval for preliminary studies, and his delegation hoped that the Governing Council would approve the project as a whole.

56. Mr. YAO Wenlong (China) noted with satisfaction that the Fund's usefulness was increasingly being recognized and that it was being called upon to execute more and more projects. For example, a mineral prospecting agreement was shortly to be signed by the Chinese Government and the Fund. For the developing countries, however, some of the terms and conditions for the Fund's projects were less attractive than those granted by other development agencies. His delegation had therefore proposed in 1987 that the Governing Council should review the Fund's assistance procedures. The Administrator had rightly sought to make the formula for the replenishment of the Fund's resources more flexible: in the case of solid minerals, if the deposits discovered were of marginal economic value, the Fund and the recipient Government would negotiate a new rate of replenishment contributions. On the whole, however, the Administrator had been wrong to consider it premature to change the replenishment formula in all cases. His delegation would continue to co-operate with the Fund, provided that it endeavoured to improve its assistance procedures. It would certainly then be called upon to play a more important role in the exploration of the developing countries' natural resources.

57. Mr. PETTITT (United Kingdom) said that, on the advice of its experts, his delegation could endorse the Administrator's recommendations (DP/1988/48, paras. 33 to 36) and the two projects submitted (DP/NRE/PROJECTS/REC/8 and DP/NRE/PROJECTS/11).

58. Mr. THYNESS (Assistant Administrator and Director, Bureau for Special Activities), summing up the discussion and replying to the questions raised,

said that he was as yet unable to tell the representative of New Zealand when UNDP would be able to evaluate the geothermal energy exploration project in St. Lucia, since the reservoir had been discovered too recently. In reply to the representatives of China and Ghana, who considered the formula for replenishment of the Fund's resources insufficiently attractive for the developing countries, he said that the Fund's vocation was to undertake high-risk projects. It was because of that risk factor, moreover, that countries were reluctant to devote part of their IPF to natural resources exploration. The Fund gave them supplementary resources for that purpose. If it was to offer its services completely free of charge, it could not go on for long. The decision was obviously one to be taken by the Governing Council, but it was revealing that, despite its reluctance, Ghana itself had concluded a contract with the Fund for a project. That country thus considered the Fund's assistance to be useful.

59. Mr. DRAPER (Administrator, United Nations Development Programme) said that UNDP regretted Mr. Thyness' departure, for he had served the cause of the development of third world countries with great competence and devotion. He expressed his appreciation and that of his staff to Mr. Thyness.

60. The PRESIDENT, speaking on behalf of the Governing Council, associated himself with the tribute the Administrator had paid to Mr. Thyness.

61. The PRESIDENT said that the Governing Council had concluded its consideration of agenda item 8 (c). He suggested that the question of the replenishment of the United Nations Revolving Fund for Natural Resources should be referred to the Drafting Group so that it could prepare a draft decision.

62. It was so decided.

PROGRAMME IMPLEMENTATION (agenda item 4) (continued):

(b) SPECIAL PROGRAMMES:

(ii) ASSISTANCE TO THE PALESTINIAN PEOPLE (DP/1988/23)

63. Mr. KOASH (Palestine Liberation Organization) thanked the Administrator of UNDP for the assistance provided by the Programme to the Palestinian people. Under the formal agreement concluded between the PLO and UNDP, assistance to the Palestinian people in the occupied territories had to be provided directly. In May 1987, a PLO delegation had met with UNDP officials in New York and requested that the two parties concerned should sign an agreement on various aspects of UNDP assistance to the Palestinian people. Although it was acceptable to the Programme, UNDP had not yet signed the agreement. The PLO found that situation all the more difficult to understand because, in February 1988, UNDP had signed an agreement with Israel in which it had agreed to act, on that country's behalf, as a Trojan horse in Africa. That agreement had, in fact, come to nothing and, in that connection, he expressed his gratitude to all the countries, particularly those of the African Group, which had supported the PLO's position and opposed the agreement. The PLO urged UNDP to increase its assistance to the African countries and also requested the United States to refrain from tarnishing UNDP's image in order to defend Israel. The best way for the United States to help Africa was to halt all assistance to South Africa and increase its direct assistance to African countries by using part of the \$4 billion which it gave to Israel.

64. He welcomed the fact that the Administrator was present and able to hear his statement, since there was now a crisis of confidence between UNDP and the PLO. His organization could not allow the crisis to continue and, if it was forced to take certain measures, it wanted the reason for them to be known. The PLO could accept neither the wording used in the report nor its underlying message, particularly at a time when the entire world was a witness to Israel's crimes and the Israeli Government's reign of terror in the occupied territories. UNDP was fully aware that Israel was maintaining its occupation by force in order to serve its own interests and that it was determined to wreck even further destruction on the Palestinian national economy. In that connection, it might be asked why, during the nine years in which UNDP had been conducting activities in the occupied territories, not a single factory had been established by the Programme.

65. He requested the Administrator of UNDP to use United Nations terminology in his reports and to refer to the "occupied Palestinian territories" and the "Palestinian people" and not to the "Palestinian population", which was the term used by Israel and the United States. With regard to the "consultation" referred to in paragraph 5 of document DP/1988/23, he pointed out that the PLO was the sole representative of the Palestinian people, who would not agree to be represented by just anybody for the sake of \$15 million. The PLO had not been consulted about the report submitted to the Council and had not been invited to discuss the projects contained in it, even though the Administrator had stated that they had been approved by the parties concerned. Co-ordination between UNDP and the PLO left much to be desired. His organization requested that it should be consulted on all projects of concern to the Palestinian people.

66. He thanked the countries that had helped the Palestinian people in their revolt. He was grateful to all those that had made contributions, including Italy, Japan, Canada and many others whose names did not appear in the report and which had provided direct assistance to the PLO. He hoped that other special contributions would be made and he urged donors to give priority to development projects that could help the Palestinian people to help themselves so that they could one day do without external assistance. It could be seen from the report submitted to the Council that most of the projects proposed by UNDP for the fourth cycle, without the PLO's consent, were non-productive ones. The PLO therefore reserved the right to request that changes should be made in those projects. He urged UNDP to focus on the implementation of productive projects and to devote to them 70 per cent of the resources allocated for assistance to the Palestinian people. One such project was the establishment of a cement factory in the occupied West Bank, on which technical and economic studies had been carried out, but which had been abandoned as a result of intervention by the Israeli occupation authorities. It was to be hoped that UNDP could remove the obstacles and help to establish that extremely important factory. The cost of the project had been estimated at about \$50 million and the PLO urged donors to contribute to its financing.

67. He drew UNDP's attention to the fact that UNCTAD was about to finalize a document concerning an investment project evaluation centre which was similar to the UNDP project entitled "Small-scale business development centre". The PLO would follow the matter closely to ensure that there was no overlapping.

68. Assistance to the Palestinian people had symbolic value, since it reflected the will of the international community to help the people who were victims of Israeli occupation.

69. Mr. PETTITT (United Kingdom) said that UNDP's resources were limited and that, as a development agency, it therefore had to make choices. In those circumstances, his delegation would like UNDP to endeavour to enhance the technical aspects of its assistance rather than the wording of its reports.

70. Mr. ROTHERMEL (Director, Division of Global and Interregional Projects) said that he had taken note of the comments by the representative of the Palestine Liberation Organization with regard to questions on which discussions and consultations were now being held by the PLO and UNDP. Co-operation with the PLO had always been and would continue to be, one of the characteristics of the assistance programme for the Palestinian people.

71. The PRESIDENT said that the discussion of all agenda items had been concluded and that, if there was no objection, he would take it that the Council decided to take note of document DP/1988/23.

72. It was so decided.

The meeting rose at 1.20 p.m.