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Held at Headquarters, New York,  
on Wednesday, 14 June 1989, at 10 a.m.

President: Mr. PIBULSONGGRAM (Thailand)

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The meeting was called to order at 10.05 a.m.

POLICY REVIEW: ROLE OF THE UNITED NATIONS DEVELOPMENT PROGRAMME IN THE 1990s  
(continued) (DP/1989/14 and 25)

1. Mr. LEE (World Bank) said that with robust growth in the industrial countries and sustained trade flows, global economic trends remained encouraging. The importance of open trade and of domestic policies that favoured investment and encouraged a spirit of enterprise was increasingly appreciated. The interdependence of the economic well-being of industrial countries and growth in the developing countries was also more widely recognized. However, poverty and hunger persisted, particularly in Africa and Asia, while degradation of the environment continued in many parts of the world. Limited natural resources were being badly depleted. The task of harnessing human resources, and particularly of promoting the participation of women in development by improving access to food, health care, basic education and training, which was necessary in order to increase productivity, remained an urgent one. The very heavy indebtedness of many developing countries hampered those efforts. That was the context in which the World Bank operated.
2. In the agriculture sector, the Bank was making efforts to improve the productivity of small holders. With other bodies, it had drawn up plans to ensure food security in African countries. Those plans analysed the linkages between macro-economic and trade policy, income generation and employment issues. They sought to establish an appropriate balance between the objective of long-term food security through growth and short-term measures to improve the ability of households and countries to cope with the current food shortages. The Bank now systematically assessed the environmental impact of all its operations.
3. In addition to those special activities, the Bank was addressing the problem of the heavy indebtedness of many of the developing countries. Those countries which were experiencing serious balance-of-payments difficulties should carry out macro-economic adjustments. They needed to reduce inflation, act on exchange rates and interest rates to remove distortions, rationalize public revenues and expenditures and reformulate trade policies to promote domestic industries with international comparative advantage. The strategy pursued by the Bank involved increased lending for structural and sectoral adjustment, sustained investment financing, efforts to reduce poverty, including measures to cushion the adverse effects of adjustment on the most vulnerable groups, assistance in mobilizing financial support from commercial and official lenders and concrete actions to reduce external indebtedness.
4. A number of delegations had raised concerns about the policy of "conditionality" pursued by the Bank in granting structural adjustment loans. In particular, some of them had expressed their concern that by co-operating with the World Bank in particular and with the Bretton Woods institutions in general, UNDP might end up adopting the practice of attaching conditionalities to its grants, or that the Bank might use UNDP projects for which it was the executing agency, to

(Mr. Lee)

impose conditions on recipient Governments. To address those concerns, he explained that structural adjustment lending had been initiated in 1980 to solve the balance-of-payments problems which resulted from the unfavourable external economic environment and from the legacy of past weaknesses. By linking such lending to reforms and institutional changes in the borrowing countries, structural adjustment operations had attempted to improve countries' capacity to withstand existing and future shocks. The aim was to solve payments' crises through rapid disbursements. In addition, structural adjustment loans were a helpful instrument for dialogue between the Bank and countries on various aspects of development policy and the policy changes to be instituted. They were subject to three prerequisites: there must be an understanding with the Government on its overall structural adjustment programme, covering short-term stabilization and longer-term development objectives and the necessary institutional changes; the adjustment programme must be realistic and socially and politically acceptable; lastly, it must embody an overall strategy that the Government considered essential to its development objectives. "Conditionality" was thus nothing other than the mechanisms by which satisfactory progress in introducing the agreed changes was ascertained. There was absolutely no interest on the part of the Bank in demanding that the borrower should carry out structural adjustment or institutional changes that the borrower did not consider essential and feasible. Moreover, the Bank had never sought to impose conditions through UNDP-funded projects.

5. The volume of the Bank's lending had steadily increased in past years and had reached \$21 billion for the fiscal year now coming to an end; 75 per cent of its operations in recent years had been for financing of traditional investments in agriculture, transport, power and industry as well as in education, health, nutrition, environment and technical assistance.

6. The World Bank valued very highly the role UNDP had played in the crucial areas of pre-investment studies and technical assistance for project implementation. Various initiatives had been taken in recent years to step up the complementarity of UNDP and World Bank operations. UNDP now played an increasingly active role in the World Bank-sponsored consultative group meetings at which various donors met to discuss means of improving aid co-ordination, and the World Bank actively participated in the UNDP-sponsored round tables to enhance the effectiveness of technical assistance. Those initiatives had contributed to forging a strong sense of common purposes between the two institutions. Lastly, the Bank would support the very timely initiative of the Administrator regarding a major programme of technical assistance to help developing countries identify their own development opportunities.

7. Mr. EJIGU (Observer for Ethiopia), speaking as Chairman of the Conference of African Planning Ministers, recalled the serious economic situation of Africa, which had repeatedly been gripped by famine and desolation. African farmers often had to abandon the land they had been cultivating for generations because of declining soil fertility and encroaching deserts. The shadow of famine hung over the future. The capacity to resist famine had been weakened by the need to dissuade at the very time when a series of investments was required to quicken the pace of

(Mr. Ejigu, Observer, Ethiopia)

economic growth. The debt service ratio was rising at an alarming rate, and international reserves had fallen in many cases to the equivalent of only one week of imports. Expensive machinery was decaying in the factories for want of imported raw materials and spare parts. Many factories were operating at less than one third of capacity, and that heavily increased the cost of production. Hospitals and schools had almost ground to a halt for want of medicines and textbooks. The streets were full of unemployed youth.

8. The purpose of drawing attention to that precarious situation was not to recite the all too familiar litany of woes, but to urge the Council to continue to give special consideration to Africa, as had been done since 1986 when the General Assembly had adopted the United Nations Programme of Action for African Economic Recovery and Development. Africa's economic problems were neither unique nor totally unanticipated. It was almost a decade since the Monrovia Strategy and the Lagos Plan of Action had attempted to chart a path of sustained economic development founded securely on technical progress and social justice. The 1980s, however, had witnessed an intensification of the search for appropriate solutions to the mounting problems of economic development in Africa, brought about by a keener appreciation of the structurally specific features of individual economies. Many countries had found that structurally embedded rigidities in their economic systems had resulted in low elasticities of supply in agriculture, thereby reducing the gains from large devaluations or from across-the-board increases in agricultural prices. Governments and donors alike were beginning to realize that a technological breakthrough designed to enhance the substitution among inputs was a pre-condition for an effective price policy.

9. Structural adjustment had recently been the subject of intense discussions in the Economic Commission for Africa. African Governments had proposed an African Alternative Framework for the Structural Adjustment Programme (AAFSAP) which recognized the deeply felt desire for comprehensive economic restructuring in Africa, while rejecting hasty and uniformly applied measures. As the Khartoum Conference on the Human Dimension in Structural Adjustment Programmes had shown, the social impact of orthodox structural adjustment programmes had been disastrous, and almost everyone now agreed that structural change was a lengthy and expensive process. Additional financing, free from conditionality, was essential to structural transformation, especially since government commitment was a sine qua non for the success of such programmes.

10. The cluster meetings of Ministers of Planning held in 1988 had debated those issues at great length and had requested UNDP, while maintaining a close working relationship with the World Bank and IMF, not to become a junior partner to the Bretton Woods institutions in the enforcement of orthodox structural adjustment programmes in Africa. The neutrality of UNDP was much cherished by African Governments and could be put to good use in fostering the development dialogue of the 1990s. The continued trust placed in UNDP was demonstrated by the fact that the cluster meetings had recommended that UNDP should provide assistance in the negotiation, implementation and monitoring of individual structural adjustment packages. To that end, the recent SAATA project had been strongly approved. Those

(Mr. Ejigu, Observer, Ethiopia)

sensitive functions could be performed by UNDP only if it preserved its neutrality and continued to play its role of trusted adviser. UNDP could play a prominent role in the establishment of workable commodity stabilization schemes, the rationalization of public sector management, the exchange of experience and information among African economies, the transfer of appropriate technology to Africa and the fostering of trade among developing countries.

11. While repeated economic crises explained the mistaken preference for short-term solutions to economic difficulties, it would be a nihilist approach to abandon all planning. Without some kind of planning, all attempts at economic policy would have to be abandoned. It was only through planning, however, that national objectives could be defined clearly, trade-offs between conflicting objectives made explicit and alternative, competing development strategies subjected to a common standard of measurement. There were several arguments to be made for planning: the prevalence of externalities in production and consumption, the absence of integrated markets, the interdependence of investment programmes, and the need to protect from impoverishment substantial segments of the population who were barred access to the market by lack of assets or employment. Those arguments, which had been formulated in the early days of planning in Africa, remained as relevant as ever: all that continent's well-known problems could be tackled only by steering the economy, both public and private, firmly along some commonly accepted development path. That was why the cluster meetings had agreed that the planning process in Africa must be revitalized. There was an urgent need to strengthen both the machinery of planning and its analytical foundations, by means of an organized exchange of experience, institutional organization, instruments of macro-economic management and the strengthening of national accounting systems. By contrast with crisis management, the idea of sound and sustained planning marked a return to collective wisdom which would guide countries towards a period of prolonged prosperity. Planning was the necessary compass with which one crossed unfamiliar territory and without which one might wander aimlessly for generations. Although indispensable, however, planning was a difficult art. Much of it consisted in the patient collection of dry statistics and the steady, surgical evaluation of economic tendencies. It was to the credit of UNDP that it had devoted so much effort to the laborious task of national institution-building in the planning and implementation areas. UNDP's continued excellence in those sectors would be of lasting benefit to economic policy formulation.

12. Besides political direction, the process of economic transformation required, a vast matrix of interlocking skills. In Africa, many of those skills were either insufficient or lacking, and for the short and medium term technical assistance would remain an important factor of production. It was both a scarce and an expensive factor, however, and must be used in areas where its productivity was greatest. Technical assistance often accounted for more than 50 per cent of ODA for many African countries, yet its allocation and monitoring remained a much neglected aspect of project and economic planning. UNDP's initiative in that field in financing NATCAPs was especially welcome, but NATCAPs were only the beginning and the picture obtained from them must be applied on the ground to the recruitment and use of technical assistants. While donors were responsible for screening

(Mr. Ejigu, Observer, Ethiopia)

potential technical assistants, recipients must resist the temptation to treat expatriate assistance as a substitute for training their own personnel. UNDP, with its special mandate for the provision of technical assistance, could take the lead in helping developing countries define both a policy framework and priorities and programmes for technical co-operation. It could not, of course, do all the things that were asked of it without making some changes in its own programming system. That had been clearly understood at the cluster meetings, which had urged UNDP to make its country programmes more focused by concentrating on a limited range of priority sectors and high impact projects. There was also a need for improved monitoring of country programmes. A start had been made in Ethiopia, in the form of mid-term reviews.

13. UNDP could not undertake the growing variety of functions expected of it without additional resources. There was a special need to raise IPF funding. Little would be achieved by strengthening field offices if IPF resources stagnated or declined. It was therefore heartening to see the Administrator making strenuous efforts to achieve a doubling of UNDP's funding goal for the fifth cycle, an initiative that had the unreserved backing of African Governments. It went without saying that those Governments, in turn, pledged UNDP their full support.

14. He briefly described UNDP activities in his country; with UNDP assistance, a number of strategies had been launched to prevent natural disasters and provide better nutrition and food security, and a national population policy was currently being drawn up. Arrangements were being made to twin higher educational establishments with foreign institutions.

15. The economic restructuring of Africa was a costly process, and resources were declining. Africa needed assistance, but assistance would not go far if African Governments lost control of their own policies, lost sight of their own futures, or if the interests of the masses were sacrificed to the pursuit of growth and efficiency. Solutions to the problem of development must continue to be sought so as to bring about a period of economic recovery and social renewal.

16. Ms. KOLLE GROENDAHL (Norway) said that the consultations organized by UNDP had been an excellent idea. The report of the Administrator, "UNDP and world development by the year 2000" (DP/1989/14), contained a weakness, however, for it provided no review of past achievements. Such a review could have contributed to a clearer understanding of existing relationships between UNDP and other parts of the United Nations system, and, thus, a reassessment of the division of tasks. Efforts to improve co-ordination within the system had not been entirely successful. A more innovative and productive approach was needed if the confidence of member States was to be retained. The forthcoming negotiations on the support-cost system would give UNDP an opportunity to display its ability to co-operate. They would have very wide-ranging implications, and would extend to project execution. In order to move steadily towards complete Government execution, the skills offered by the specialized agencies must be used to the full. The role of UNDP in project execution should be closely monitored, and the activities of the Office for Project Services must not overlap with those of the specialized agencies.

(Ms. Kolle Groendahl, Norway)

17. Economic stagnation, debt, population growth and environmental degradation threatened to cripple development in many countries, especially the least developed ones. To deal effectively with these problems, emphasis would have to be laid on the idea of sustainable development and, growth centring more on equity and self-reliance would have to be pursued. Consequently, her delegation endorsed the priorities outlined in the Administrator's report.

18. In an interdependent world, meeting development challenges depended largely on international co-operation. That meant greater technical assistance from the United Nations system and more generous aid from member States. As the backbone of technical co-operation activities, UNDP had a number of advantages. It had a vast network in the developing countries, it operated on a multilateral, neutral and universal basis, and its assistance was not tied in any way. Those features could be better exploited.

19. As national capacity-building was a prerequisite for the promotion of self-reliance, UNDP should devote more resources to that area. And since capacity-building depended on making better use of human potential, more emphasis should be put on education and training. Human resources development should be integrated into all UNDP activities.

20. Her country supported the 1970 Consensus. UNDP should continue to respect the wishes of recipient countries. Even so, it must not be forgotten that co-operation implied dialogue: the Governing Council had given UNDP clear instructions to address certain primordial problems. The integration of women in development, environmental concerns and the campaign against poverty, in particular, should be given more attention in the dialogue.

21. As she had mentioned, multilateralism was one of UNDP's chief assets. Her country was therefore a little concerned to see that new financing mechanisms were now being set up which might erode that multilateral character. She referred specifically to management services and the proposed "tied capital window".

22. The issue of universality was central, and would have repercussions on important aspects of UNDP activities such as the priority given to combating poverty, its geographical concentration and the way resources were distributed. Three questions needed to be raised: first, should there be a programme in each developing country? Secondly, should there be a representative in each country? Thirdly, how should such representation be financed? The principle of universality meant above all that member States were entitled to play a part in UNDP as either recipients or donors. The aim of establishing programmes in as many recipient countries as possible was of lesser importance. Her country believed that the limited resources available were a reason for concentration: assistance should go first to the needy. The campaign against poverty should be given more priority. Specifically, that meant more resources for the least developed countries and the poorest segments of the population. The size of the UNDP field office network was another measure of universality. The network was expensive to operate, however, and there was certainly room for savings. In any event, there should be a review of how the costs were met.

(Ms. Kolle Groendahl, Norway)

23. Her country approved the adoption of a more country-specific programming approach. The ultimate objective should be to integrate assistance entirely into recipient countries' national development plans. That approach would require a flexible and decentralized programming process. The somewhat rigid project system now in place should be replaced with programme assistance. Greater country specificity in programming would also affect the function served by a UNDP country programme as a frame of reference for all technical assistance provided by the United Nations system to a country. Her delegation believed that national development plans should provide the basic frame of reference, thus leading to a recipient-country-led partnership exercise.

24. A more decentralized approach would doubtlessly require some administrative and organizational changes. There, too, emphasis should be put on enhancing the administrative capacity of recipient countries. Better use could also be made of the potential of field offices to serve as catalysts for development. That meant decentralizing development programme management and more extensive administrative authority. She did not contest the need for selective strengthening at some field offices, but her country set just as much store by improving the quality of staff, notably resident representatives.

25. As regards the governance of UNDP, the extent to which the Governing Council became involved in programme management should depend on two objectives that must be balanced: promoting transparency, and avoiding excessive interference in day-to-day management. The dialogue between member States and the Administration should be based principally on well-organized informal consultations, for that would allow the regular sessions of the Council to be shortened and permit the Council to devote itself more to the broad policy issues. Her Government also suggested a different and more active role for the bureau. An enlarged bureau could function as an effective link between member States and the Administration.

26. Mr. INSANALLY (Observer for Guyana) said that the 1980s had been a decade of lost opportunities for development. Many countries, including his own, had been mired in economic stagnation. The persistent difficulties clearly showed the extent of the international economic crisis and the inadequacy of the strategies designed to counter it. In those daunting circumstances, UNDP had made remarkable imaginative and enterprising efforts to help developing countries: they included the Management Development Programme, debt-management programmes, the NATCAPs, and assistance to countries operating structural adjustment programmes. As a beneficiary, his country was convinced that UNDP would continue to be useful as a catalyst for development. The assistance it had been given to support the adjustment process now taking place and alleviate its adverse effects on the most vulnerable groups had enabled it to devise a technical co-operation strategy for reviving the economy. UNDP's response had been prompt and helpful. It provided a model which could also help other disadvantaged countries, although still better and greater assistance was clearly a possibility. His delegation therefore wholeheartedly endorsed the priority which UNDP was currently giving to development management. That initiative could help to facilitate decision-making and strengthen national capacity in developing countries for planning and managing multisectoral action-oriented programmes.



(Mr. Insanally, Observer, Guyana)

27. Related to that issue was the question of human resource development, which had both a social and an economic component. Technical co-operation could address both, bringing human resources within the normal development process as both beneficiaries and participants.

28. At the same time, it must not be forgotten that countries' needs changed with their level of development. There was a need for enough flexibility in UNDP's approach to enable it to adapt to new situations. Flexibility was also a necessity in view of the diversity of interests affected. Thus his delegation was happy to note that UNDP assistance would not be restricted to the development of managerial capacity. It noted with satisfaction that UNDP intended to promote TCDC, as recommended by the Council and the General Assembly.

29. On the framework of action underpinning the attainment of the goals set for the 1990s, his country endorsed the use of country programmes for apportioning resources. Country programmes were the best mechanism for reflecting countries' varying development needs. He therefore supported the use of country programmes as a frame of reference for programming all external resources. As they did not always cover a country's entire needs, however, some flexibility remained essential.

30. UNDP must also allow for the possible impact of its assistance on national capacity-building in developing countries. In order to exploit that potential, his country urged greater use of Governments as executing agencies. To be sustainable, however, development must be broad-based so as to allow for widespread distribution of resources. One way of achieving that would be to draw on all the capacity countries had available, not just Governments but also institutions and individuals, for project execution.

31. As the Administrator rightly pointed out, UNDP itself needed enough staff to accomplish its many tasks. Its ability to recruit extremely competent staff was one of its strong points. His delegation fully supported the Administrator's efforts to upgrade the abilities of his staff. In that connection, it greatly regretted the imminent departure of the Associate Administrator, Mr. G. Arthur Brown, who had rendered the organization remarkable service.

32. If UNDP was to meet the many challenges awaiting it in the 1990s and play a central funding role, its financial resources must without question increase considerably. The Governing Council should focus on that important question. As the Administrator had stressed, UNDP was at a critical juncture. Its record of success in technical assistance had won it the confidence of recipient nations, but at the same time had raised further expectations. The general orientation provided in the Administrator's report was a step in the right direction.

33. Mr. TEODOROVICH (Union of Soviet Socialist Republics) said that the Soviet Union's position on the role of UNDP had been clearly illustrated by Mr. Gorbachev at the forty-third session of the General Assembly, when he had said that the United Nations was a unique international centre in the service of peace and security, and had paid tribute to the work of the United Nations in promoting the collective

(Mr. Teodorovich, USSR)

wisdom and will of mankind. In his statement, the Soviet Head of State had indicated the intention of the USSR to contribute to that noble undertaking on the basis of a new mode of political thought.

34. His delegation's position had been influenced by several important recent events in the Soviet Union: since his election to the presidency of the Congress of People's Deputies, Mr. Gorbachev had put forward a programme in which he set forth a number of fundamental political principles: the progressive integration of the Soviet Union into the world economy under conditions of equality and reciprocity; active involvement in a new international division of labour, in scientific and technological exchanges, and in international trade; and a readiness to collaborate with all who wished to do so. The USSR intended to develop all forms of economic co-operation, including multilateral co-operation. In the new Soviet parliament, the deputies had raised the broad issues now exercising the entire world: greater attention to the human dimension, environmental issues, health, mother and child welfare, the right to housing, food problems and other questions which corresponded to UNDP's concerns. The Soviet Union felt a sense of solidarity with the developing countries in their efforts to overcome their backwardness, and was giving them all the active assistance it could with boosting their production and export capacity and developing their human resources. Preliminary estimates put the development aid it had given over the past eight years at over \$130 billion. Recently, the assistance it had granted on preferential terms had been twice as high as a percentage of GNP as the United Nations recommended for developing countries and least developed countries. Hitherto, the bulk of that assistance had been provided bilaterally. The country's new approach called for much more substantial involvement in multilateral programmes.

35. In its actual activities, the Soviet Union was attaching increasing importance to interdependence. The world economy and co-operation among States reflected a growing trend towards integration and the different aspects of development were closely interrelated. Problems, therefore, also required an integrated approach which took account both of national interests and of the interests of the international community as a whole. It appeared essential, from that standpoint, to strengthen the global dialogue on economic questions and to make more effective use of existing mechanisms for multilateral economic and technical co-operation, particularly those existing within the United Nations and UNDP.

36. To a large extent, UNDP owed its prestige and effectiveness to the fundamental democratic principles which governed its activities: universality, the voluntary nature of its assistance, and the absence of conditionality, and respect for the sovereignty of recipient countries in the distribution and use of resources. The Soviet Union supported UNDP in its search for new ways of improving and strengthening its contribution to development, for example, its programme to strengthen management capacities.

37. The Soviet Union had been participating in UNDP's activities ever since the programme was established. In that time, it had spent several hundred million

(Mr. Teodorovich, USSR)

roubles on economic and technical assistance to developing countries, in keeping with the Programme guidelines. Each year, it trained some 700 to 800 specialists from African, Asian and Latin American countries in its territory. The USSR/UNDP Special Trust Fund for training specialists from developing countries had been used very effectively. In 1988 alone, 18 training activities had been financed from the Fund.

38. Turning to the innovations made in the technical co-operation system, the Soviet Union was taking an increasingly active part in UNDP round tables and in co-ordination operations at the country level. Naturally, in considering the role of the Programme in the 1990s, it took into account the results of earlier co-operation with UNDP. The UNDP Administration, the specialized agencies and member States had already accomplished a great deal in that respect. His delegation noted with satisfaction that the comments made during the February consultations had been taken into consideration. In its view, UNDP owed its current prestige chiefly to the fact that its mandate was based on such progressive texts as General Assembly resolutions 2688 (XXV) and 3405 (XXX). As other delegations had pointed out, preserving and strengthening those provisions would be the principal task in the 1990s. His delegation did not believe that the programming process would have to be radically altered for the fifth cycle; the main thing was to take prior experience and the interests of all recipient countries into account.

39. Development planning, co-ordination and the use of external inputs must be the sole prerogative of recipient countries. The bodies within the United Nations system which provided assistance should confine themselves to helping Governments, on request, to strengthen their potential and their national infrastructure.

40. Optimum and rational use of existing resources was an essential aspect of UNDP's activities. There was no major obstacle to that task, as long as the necessary flexibility and perseverance were shown. The Soviet Union had embarked on an ambitious programme of economic reform and, in that context, was reappraising its foreign trade system. That reform involved a democratization of economic life, the introduction of management methods which focused first and foremost on economic imperatives, and the granting of greater autonomy to all economic agents. Proposals were currently being drawn up aimed at applying those innovations to co-operation with international organizations, including UNDP. In return, the success of such co-operation would depend largely on the attitude taken by the UNDP Administration. The use made of the capacities offered by the Soviet Union was far from optimum. As had already been indicated, the Soviet Union had amassed considerable and very diverse experience in the field of bilateral economic co-operation with developing countries and that experience could be put to fuller use in UNDP projects.

41. Mr. SALAZAR-SANCISI (Ecuador) said that the world-wide co-operation which was emerging and the United Nations political successes made it possible to view economic and social problems in a new light but could also lead countries to underestimate the magnitude of the economic crisis. The exacerbation of economic

(Mr. Salazar-Sancisi, Ecuador)

and social problems was fraught with consequences for democratic institutions, however, particularly in developing countries. International co-operation was therefore more urgently needed than ever and UNDP had a vital role to play in that respect.

42. His delegation reaffirmed the validity of the 1970 Consensus, embodied in General Assembly resolution 2688 (XXV). Respect for the principles of the universality, neutrality and the multilateralism of UNDP was essential to the success of its activities and any change in the allocation of resources which might compromise the universality of UNDP would be a serious mistake and would penalize those who would have made the best use of the funds provided to them.

43. The argument that recovery in the developed countries would have a spin-off effect on the economies of developing countries had proved to be false: the crisis continued in developing countries, where the standard of living was lower than it had been 20 years earlier. The structural adjustments which they had been asked to make in the 1980s had yielded no positive results, for adjustment policies must be accompanied by recovery policies. In that connection, since UNDP played an independent role, it was not up to it to participate in adjustment projects carried out by other multilateral institutions. The real problem to be addressed was that posed by the net export of capital from the developing to the developed world, largely as a result of the crushing external debt burden. The way to solve that problem was to ensure the recovery of developing economies.

44. Debtor countries' efforts often proved futile in the face of the policies of the powerful. Ecuador, which had just taken steps to solve its most acute problems, had suffered a severe setback when a creditor banking institution had improperly seized an \$80 million deposit, triggering inflation and a 10 per cent increase in the value of the dollar. The debt question must therefore be considered in the context of a UNDP financial strategy. A special committee should be entrusted with proposing various initiatives which would help solve the problem, using bilateral or multilateral compensatory funding for development purposes. In 20 years or more, developing countries would be able to begin to reduce their debt service, making it possible to increase the UNDP budget proportionately.

45. Ecuador viewed with interest the Administrator's proposals on private sector participation in the planning of national activities. Such participation should be in keeping with Governments' priorities and be based on the criterion of effectiveness.

46. The suggestion on the participation of national specialists in Development Support Services was also interesting, provided that such specialists were recruited in the countries which had supported that proposal, that their activity was limited to specific projects and that the practice did not become institutionalized. That new option might make it possible to avoid or limit the recruitment of foreign experts. In that regard, it should be pointed out that expert missions were obliged to submit to Governments, within specified time-limits, the results of their studies and analyses.

(Mr. Salazar-Sancisi, Ecuador)

47. Ecuador, like the other countries signatories to the Treaty on Amazonian Co-operation, was well aware of ecological problems and recognized the need to adopt environmental protection measures - without prejudice to the inalienable right to development - on the basis of subregional consultations. The deterioration of the environment had been caused mainly by the developed countries, which should provide credits commensurate with the damage done in order to reverse that suicidal trend.

48. All those initiatives pointed to the need to increase UNDP resources, since IPFs would have to be raised significantly during the fifth cycle. Current resources were clearly inadequate to meet the needs of the developing countries. In 1987, UNDP inputs in Latin America and the Caribbean had represented only 0.02 per cent of the region's external debt. The resources provided by UNDP to Latin America could serve as seed money and could have a multiplier effect at the national level. UNDP could achieve far better results in Latin America and the developing world in general if its financial resources were doubled, or even tripled, so that it was able to meet real minimum development needs. He thanked the countries which were major contributors to UNDP and expressed concern at the steady decline in the voluntary contributions of certain countries which had enthusiastically supported the creation of UNDP. Inefficient use of resources was one of the inherent problems of underdevelopment that must be combated, but it must not become a pretext for refusing to increase contributions.

49. Ecuador had serious reservations regarding the use of only two basic criteria - per capita income and population - to determine resource allocation. It was essential to take account of other criteria, such as the drop in export prices, indebtedness, the extent of each country's development efforts, structural adjustments, income distribution, the balance-of-payments deficit, and unemployment. Account should be taken of the number and seriousness of the problems affecting a population, rather than the number of inhabitants. Moreover, the criteria for resource allocation during the fifth cycle should not further restrict the access of Latin American and Caribbean countries to UNDP assistance. Only the most recent statistics should be used, since they best reflected the income levels of countries which had fallen victim to inflation, recession and disasters and which had assumed the burden of debt servicing. In the case of discrepancies between figures, it would be advisable to use the figures contained in the economic report of the World Bank on a given country, preferably those in the World Bank Atlas.

50. Lastly, he expressed support for the direction of the regional programme for Latin America and the Caribbean and for the absolute priority given to the fight against extreme poverty.

51. Mr. AINSCOW (United Kingdom) said that, in order to make a correct assessment of the future role of UNDP, account must be taken, on the one hand, of the difficulties of the developing countries which, despite their increasing diversity, all faced the problems of poverty, population growth and a fragile natural environment and, on the other, of the institutional, organizational and financial framework within which UNDP would have to work.

(Mr. Ainscow, United Kingdom)

52. There was little doubt that the development of human and institutional capacities should be the touchstone of UNDP activities. The basic problem was to ensure that assistance made a real contribution to the development of the recipient country in the light of its own objectives, and that the outputs justified the inputs of people and money. Ultimately, donors channelled their funds to institutions which made the best use of them. It was therefore necessary, as the Administrator had suggested, to assess the progress made by each country in achieving the basic objectives of development. That would require social indicators based on reliable data. His delegation was prepared to help individual countries assess the targets they had set themselves.

53. The general thrust of UNDP should continue to build the capacity of developing countries to promote economic and social progress, putting increasing emphasis on strengthening those countries' capacity to manage development rather than on the provision of technical advice. That would require a new balance of skills in UNDP and would mean that the specialized agencies would have increasingly complex and varied functions. With the growth in the number of government-executed projects, more complex relationships would have to be established among all partners.

54. With regard to funding, UNDP should continue to be the central funding source for United Nations technical co-operation. His delegation doubted the usefulness of trust funds and believed that the proposed establishment of a Microfund and the proposal for tied capital grants were completely unjustified.

55. UNDP certainly had a role to play in aid co-ordination. Its first duty was to help developing countries, where necessary, to acquire the capacity to co-ordinate external resources and, in certain cases, to co-ordinate such resources on their behalf. The role of UNDP in the co-ordination of the input of the United Nations system was indisputable and its importance would vary from country to country.

56. The country programme should continue to be the key planning tool, although arrangements could be simplified for countries which were small users of UNDP. However, country programmes should not be used as the frame of reference for other United Nations assistance, which should be included in national plans. The idea of a single statement, prepared by the Resident Co-ordinator, on the purpose or priorities of United Nations assistance should be explored. His delegation was in favour of the idea of combining the various co-ordinating mechanisms.

57. It would be appropriate before the beginning of the following cycle to look again at the membership's control of the Programme. It was important that the membership should be able to deal both with country programmes and with other programme issues in an informal way and in an atmosphere of mutual trust. The United Kingdom hoped that the Working Group of the Committee of the Whole would be continued, or replaced by some similar arrangement permitting regular reviews not necessarily tied to Council meetings.

58. Budgetary issues should be considered in the Budgetary and Financial Committee. The United Kingdom was sympathetic to proposals designed to improve th

(Mr. Ainscow, United Kingdom)

quality of staff but would look carefully at any proposals that might lead to duplication of the capacity of the agencies. Agency resources in the field should be used to support the capacity of the Resident Co-ordinator. The United Kingdom would approach with an open mind the suggestion that a Development Support Service should be set up.

59. The changing role of UNDP did not mean that there should be an increase in the grant resources available for the fifth cycle. Donors' intentions must be assessed; there was little likelihood of large increases in the United Kingdom contribution. In any event, no decision could be taken until the outcome of the support-cost study was known.

60. Lastly, the human element of development, and therefore capacity-building and the management of development, should feature strongly in the new international development strategy.

61. Mr. DIAS (Sao Tome and Principe) said that he welcomed the close co-operation between UNDP and Africa, particularly in view of the seriousness of the crisis in Africa. UNDP's contribution to the endeavour to find innovative solutions was particularly relevant, since it was based on the principle of neutrality and financing was on a grant basis.

62. The Administrator's report (DP/1989/14) gave an eloquent description of the fundamental role that was to be played by UNDP until the year 2000. If the Council endorsed the analysis set forth in that report, it could not but recognize the need to increase UNDP's financial resources, so as to strengthen its capacity to take action. Sao Tome and Principe supported the proposal that resources for the fifth cycle should be increased.

63. Co-ordination, which was the responsibility of Governments, was a complex task owing to the wide range of donors involved and the many conditions to which the granting and the use to be made of assistance were subject. The management of external assistance, particularly in the least developed countries where the authorities were often weak and there was a shortage of trained staff, called for constant attention and for resources from UNDP.

64. The proposal concerning the establishment of a fund for making micro-capital grants was an interesting initiative that would facilitate greater involvement of the population in the development process and would satisfy an unmet need, since developing countries were seldom able to finance small projects and there were no international specialized agencies able to support such projects as rapidly as necessary. He wished to appeal to the Council to take account of the importance of the funds in question and called upon it to hold a more detailed discussion of the subject, if necessary.

65. His delegation endorsed the proposal concerning the establishment of Development Support Services, which could constitute an additional way of mobilizing, promoting and using the human resources so vital to development efforts.

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66. Mr. BAGBENI ADEITO NZENGEYA (Zaire) stressed the contribution made by Mr. Brown to UNDP activities and to the great amount of thought that had gone into the Administrator's report (DP/1989/14).

67. His delegation was concerned to note that the decisions adopted under the United Nations Programme of Action for African Economic Recovery and Development were not being implemented fully, particularly with regard to debt reduction, diversification of production in African countries, and improvement of the international economic climate. The situation in Africa had therefore not improved, the gap between developed and developing countries was becoming wider and the development process had slowed down considerably. Official development assistance was now the only channel for the net transfer of capital to the developing countries. It was therefore essential that the international community should increase its assistance with a view to accelerating growth and development in the countries in question and that it should contribute a greater volume of capital so as to ensure an annual increase of at least 3 per cent of per capita income in those countries.

68. UNDP, which Zaire regarded as the true tool for implementing United Nations international economic co-operation policy, must increase its resources in order to meet the challenges of all types set by development requirements, and it needed financial assistance from both recipient and donor countries. Zaire therefore supported the Administrator's appeal for a doubling of UNDP resources for the fifth programming cycle. It had itself made a pledge, which although modest was a token of its moral commitment to UNDP. Tangible progress had been made in implementing the fourth UNDP/Zaire programme in such a way as to attain the goals set, which were support for economic management and for agricultural and industrial production, improvement of social welfare and development of human resources, and the development of transport and communications.

69. Since joint project evaluation by Governments and resident representatives led to better policy formulation, Zaire supported the proposal concerning the strengthening of the technical capacity of field offices, which should have locally recruited staff with extensive knowledge of local conditions. It welcomed UNDP's neutrality in respect of the trends apparent in certain Bretton Woods institutions, which were seeking, through their assistance, to impose their views on developing countries. Co-operation between UNDP and the United Nations specialized agencies should be strengthened, so that all the organizations concerned might complement one another. Zaire was also in favour of the establishment of a microfund, on the understanding that specific criteria would be laid down for the allocation of funds.

70. Zaire was convinced that UNDP's role in the 1990s would be strengthened in the context of the new international development strategy and that UNDP would make an effective contribution to the General Assembly's work at its special session in April 1990 devoted to economic growth and development.

71. Mr. OCHIRBAT (Observer for Mongolia) said that the closing decades of the twentieth century presented mankind with a great number of intractable and pressing problems that could be solved only through concerted action on the basis of the



(Mr. Ochirbat, Observer, Mongolia)

principles of equality and mutual benefit, which called for the establishment of a new international economic order. UNDP, which operated on the basis of those principles, was a unique co-operation tool, and Mongolia unreservedly supported efforts to enhance its effectiveness.

72. In order to ensure more effective implementation of its technical co-operation projects, UNDP should be more flexible in setting the criteria for the allocation of funds and should take full account of all relevant factors - not only economic but also institutional and national factors - that had an impact on the development of a given country. It was extremely important that such factors should be taken into account, since, for example, the implementation of a small-scale project by the Mongolian Government called for expenditure in an amount several times higher than that of the assistance received by the Government for the project. Mongolia hoped that a solution would be found to that problem.

73. The strengthening of UNDP's role likewise involved improved co-ordination of the activities of executing agencies, and in particular stricter monitoring compliance with execution schedules. It was also important to expand the responsibilities of the resident representatives. Although resident representatives were empowered to approve projects costing up to \$700,000, it took a long time to obtain the authorization of headquarters and the agreement of various other organizations. Resident representatives should be able to contribute to the elaboration of long-term co-operation with UNDP and to the solution of practical problems.

74. His delegation, which considered it essential to train personnel capable of formulating development strategies and managing the economy, welcomed the establishment of the programme for strengthening managerial capacity.

75. Mongolia, like many other countries, was engaged in a restructuring of its economy and a process of renovation and democratization in all areas. His Government was supporting the individual and co-operative enterprises which it viewed as an important and flexible means of satisfying the population's growing demand for various goods and services. UNDP's technical co-operation with Mongolia, which had proceeded satisfactorily during the past two decades, would make a notable contribution to the implementation of his Government's policy aimed at improving the living conditions of the rural population, developing mineral resources, training national managerial personnel and expanding trade and tourism. Mongolia intended to co-operate more actively with the international economic and financial institutions and to become more involved in technical co-operation among developing countries.

76. His delegation hoped that the current session would contribute to the adoption of decisions that would make it possible to strengthen the economic self-sufficiency of developing countries and eliminate underdevelopment.

77. Miss ANSTEE (Director-General of the United Nations Office at Vienna) said that those who dealt with social questions recognized the importance of efficient

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and dynamic economies for human well-being and social progress. Equally, economists recognized that such economies were not simply a product of enlightened policies, but also of social forces and the institutions and values of a society. The social costs of stabilization or forced adjustment were at least partly responsible for the heightened interest in social issues. Three lessons could be drawn from the social upheavals that had often accompanied stabilization or adjustment efforts in recent years. First, adjustment programmes could not be determined by the criterion of economic efficiency alone; to work, they must be understood, acceptable to the various segments of the population, and rooted in political and social reality. Second, too much time had been devoted to fruitless argument about past policies, and more emphasis should be placed on appropriate and workable policies, both national and international, combining both economic and social measures and aimed at revitalization. Third, it was unfortunate that different parties emphasized one, the domestic and the other, external factors as the principal cause of economic problems, for the two elements were inextricably linked. Developing countries needed to be able to elaborate policies with some assurance that trends in the international economy would not nullify their intended effects. It was necessary to pursue with greater determination the search for solutions to global problems and to shape a more viable global economy to whose requirements it would indeed be worth while for developing countries to adapt, even at some considerable immediate cost.

78. Drug abuse had become a problem of major concern to Governments world wide. The scope of international illicit drug trafficking had given the problem a particularly sinister character. The power which traffickers wielded as a result of their huge profits threatened to undermine national administrations; in some cases, the stability of whole economies was under threat. There was a clear link between drugs, debt, development and democracy. Drug abuse control, and particularly the reduction of demand for illicit drugs, must be given the highest priority, both nationally and internationally, and the United Nations was the natural forum for the necessary international co-operation. The activities of the system in the field of drug abuse control were co-ordinated twice a year at inter-agency meetings in which UNDP participated. She commended the work of UNDP in that field, which found tangible expression in a growing number of developing countries through projects carried out in association with the United Nations Fund for Drug Abuse Control.

79. Social considerations should be fundamental to any notion of development and economic change should be directed towards improvements in living conditions. It was therefore necessary to have a social perspective on development, which should be defined for its social as well as its economic benefits.

80. That perspective should be adopted in the elaboration of the next international development strategy. The goals and provisions of existing international instruments in the social field, for example the Nairobi Forward-looking Strategies for the Advancement of Women, the global documents in the fields of youth, disabled persons and the aging, the decisions of the successive United Nations Congresses on the Prevention of Crime and the Treatment

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of Offenders, the various international agreements on drugs and the Comprehensive Multidisciplinary Outline resulting from the 1987 International Conference against Drug Abuse and Illicit Trafficking, needed to be acknowledged in formulating any strategy, so that it would ensure real and lasting social progress. The strategy should also focus on the need for improved social integration of all groups within society. It was important not to lose sight of the context in which vulnerable groups were forced to compete and to give closer attention to the social, economic and political forces responsible for creating that vulnerability. It was necessary to affirm that social policy could be a tool to combat those forces which hindered real participation by anyone in society. Lastly, the strategy should provide analytical tools for Governments, at their request, for social programming in the next UNDP programming cycle.

81. Although the social dimension of the new strategy was basic, since the ultimate objectives were better opportunities and a better life for all and the reduction of glaring inequalities, she also wished to stress the importance of a new strategy for improving the international economic environment. Progress depended upon the integration of the national and international, economic and social, and public and private dimensions, and also on international solidarity, especially North-South solidarity.

82. The question then arose as to how social concerns could be translated into operational programmes and practical results. UNOV had worked hard to establish contacts with the bodies and agencies of the United Nations system as well as with non-governmental organizations. With regard to its co-operation with UNDP, she cited the example of a joint project whose aim was to work out mechanisms for "demystifying the social" through concrete analysis and evaluation of expressed needs, actual programmes and empirical results. Once developed, the project would be implemented in co-operation with interested countries. UNOV wished to intensify its dialogue with interested developing countries in that connection. UNDP donor round tables gave UNOV an opportunity to work with the countries and to promote social issues. The Office hoped in future to contribute to the documentation for those round tables and to their follow-up.

83. In conclusion, she said that creative development activities could be undertaken provided it was remembered that there was no panacea for development problems nor any universal development model and that it was therefore necessary to demonstrate flexibility and open-mindedness, modesty and understanding.

The meeting rose at 1.10 p.m.

