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SUMMARY RECORD OF THE 27th MEETING

Held at Headquarters, New York,  
on Monday, 19 June 1989, at 10 a.m.

President: Mr. PIBULSONGGRAM (Thailand)

CONTENTS

Programme implementation

- (a) Annual report of the Administrator for 1988 (continued)

Programme planning

- (a) Fourth programming cycle
  - (i) Mid-term resource situation
- (c) Arrangements for the fifth programming cycle

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

PROGRAMME IMPLEMENTATION

- (a) ANNUAL REPORT OF THE ADMINISTRATOR FOR 1988 (continued) (DP/1989/13 and Add.1, Add.2 (Parts I and II), Add.3 and annex, Add.4, Add.5 (Parts I and II) and DP/1989/15)

1. Ms. COLLOTON (United States of America) said that in 1990 she hoped to receive information concerning changes to be made in the important United Nations Volunteers programme (UNV), following the review carried out in 1988 and the relevant decision adopted by the Council.

2. With regard to the proposal to increase the staff of the Technical Advisory Division, she wondered whether UNDP had fully explored the possibility of using technical staff from the specialized agencies so as to avoid duplication. The purpose of the Project Development Facility was to obtain additional technical staff for project design and review; however, UNDP also had technical staff in the Office for Project Services (OPS). Given the current structure of the Technical Advisory Division, UNDP had the technical capacity needed for an independent evaluation of the work of the specialized agencies and did not require further technical staff, particularly since the future relationship between UNDP and the specialized agencies was under review.

3. Mr. SAHLMANN (Federal Republic of Germany), referring to the United Nations Volunteers programme, said that it was his understanding that there were difficulties in implementing the national development services programme in Africa; that programme was of great importance since it was implemented at the community level. He wondered whether the Council needed to make an additional allocation in the budget that year so that the programme could continue being implemented, or whether such allocation had already been made.

4. His delegation also enthusiastically supported the programmes initiated by UNDP to alleviate critical poverty in Africa and Latin America; such poverty was on the increase. UNDP had adopted the right approach and should extend it to other parts of the world.

5. Mr. MATSVAYI (Zimbabwe) said that, as the economic circumstances and developmental patterns of developing countries changed new solutions and strategies must be developed and consultations between UNDP and recipient Governments were extremely useful in suggesting ways of addressing those issues. It was good to establish new institutions to deal with new problems but it was also necessary to consolidate and strengthen existing capacities. Accordingly, he welcomed the improvement of the Management Development Programme which would strengthen Zimbabwe's managerial capacities and fill any gaps that might exist and make the public sector more efficient and responsive to changing demands in the economy.

(Mr. Matsvayi, Zimbabwe)

6. Zimbabwe had established a Parastatals Commission to look into the structure, management and staffing needs of such institutions and determine whether they were still useful in terms of their original objectives and whether the generous subsidies they received were justified. Reduction of those subsidies, which were largely responsible for the ever-increasing budget deficit, would release resources for the productive sector and contribute to economic growth. UNDP could contribute to that goal by enhancing the efficiency and productivity of parastatal institutions.

7. Zimbabwe's debt service ratio, which had peaked in the period 1986-1987 at 35 per cent of gross national production, had been brought down to 29 per cent thanks to the prudent measures taken by the Government. The UNDP/UNCTAD project concerning debt management had had a very positive impact in Zimbabwe, and Zimbabwe had not defaulted on its debt obligations nor had it had to reschedule its debt. Training in debt management techniques should continue, since the international economic environment was becoming harsher and tougher.

8. Zimbabwe was one of the few countries in sub-Saharan Africa with a well-developed private sector and it had sought to make that sector a partner in the development process. The study on trade liberalization, which had been carried out with UNDP assistance, was being studied in consultation with the private sector. However, like other countries, Zimbabwe would also like to co-operate with UNDP through specific projects and programmes in the private sector and to analyse ways of channelling public resources to the private sector.

9. Recognizing the role of women in development, Zimbabwe had established a ministry responsible for mobilizing women in productive efforts. The Government's policy of decentralization had greatly facilitated that endeavour, particularly with respect to the active participation of women in projects designed to enhance their well-being.

10. With regard to the United Nations Volunteers (UNV), the Government had agreed with UNDP to focus vocational training and skills development, through self-help programmes for young people who had completed their studies so as to ease the unemployment problem.

11. Environmental issues deserved to be treated with great seriousness and Zimbabwe took that into account in the preparation of projects. UNDP and the Norwegian Agency for International Development were helping to organize workshops and seminars on that issue. In addition, the forthcoming publication of Zimbabwe's conservation strategy would result in an action-oriented programme which would increase the need for UNDP co-operation.

12. Mr. CZARKOWSKI (Poland) welcomed the further expansion of UNDP activities in 1988 and the increasing adaptation to the new realities. In addition to record levels of contributions, income and expenditure, UNDP had broadened the scope of all its funds and the support provided by Headquarters and field offices, and had improved its internal functioning and its relations with donor and recipient Governments, executing agencies and regional commissions.

(Mr. Czarkowski, Poland)

13. Again, as regards substance, UNDP had adapted to the changes, adding new activities, for example relating to debt management, balance-of-payment assistance, improved budgetary techniques and management development programmes and programmes for the management of the transfer of technology. All those activities enhanced a country's capacity to absorb technology from abroad and to overcome some of the main obstacles to development and economic growth. Although it was difficult, at that stage, to assess the impact of UNDP's involvement, UNDP deserved full support in its efforts to confront the emerging challenges.

14. His delegation also supported the expansion of programmes relating to the Transfer of Knowledge Through Expatriate Nationals (TOKTEN) and short-term advisory services, which had created new methods of technical co-operation and technical assistance, and it noted with satisfaction the growth in the United Nations Volunteers programme. Poland was participating in all three programmes, both as a recipient and as a provider of technical assistance.

15. The breakdown of equipment ordered according to country of origin, contained in document DP/1989/13/Add.5 (Part II), demonstrated both a very positive transfer of technology towards the developing countries and a great concentration of procurement in certain countries. It was necessary to diversify the list of countries in which equipment for technical assistance was procured.

16. Mr. GRAHAM (United States of America) speaking on a point of order, said that although he had not yet received instructions from his Government, he supported what had been said by the representative of the Federal Republic of Germany concerning the failure to take decisions on the issue when it had first been considered the previous week.

17. Referring to paragraph 3 of document DP/1989/13, he agreed with the views expressed by the Administrator that at the national level it would mean more support for policy-making institutions whose decisions affected the whole economy. He would welcome clarification concerning the meaning of the last sentence in paragraph 8 of that document, and asked what was the status of the report referred to in paragraph 9, since the scheduled date of publication had already passed.

18. His delegation agreed that UNDP had a role to play in structural adjustment, and noted that, as indicated in paragraph 19, adjustment for development had been a major theme of the four cluster meetings in 1988 between UNDP officials and African planning ministers. The ministers had asked for help in ensuring a return to growth in their countries, an approach that his delegation fully supported.

19. He asked for clarification of paragraph 27, and praised UNDP's work on the environment, at the same time requesting more information on the 55 workshops mentioned in paragraph 32.

20. Mr. CHEKAY (Union of Soviet Socialist Republics) took note with satisfaction of the success UNDP had had in 1988 in providing assistance to the developing

(Mr. Chekay, USSR)

countries to overcome their economic difficulties, on the basis of the principles of voluntary action and universality. The Governments had viewed it in that light, and were taking an increasing part in co-ordinating such assistance and selecting their priority fields. The increasing volume - for the fourth consecutive year - of technical assistance provided by UNDP indicated that its work was well-conceived and well-planned.

21. UNDP was seeking to improve and step up its activities to promote development in a number of fields that reflected the new development trends and conditions in the coming decade. One such field was the development of the developing countries' management capacity, which at the national level entailed the improvement of the State administrative bodies whose decisions profoundly affected the economy as a whole.

22. In other words, the fundamental UNDP approach in the 1990s would be to help the developing countries to set up a more effective public sector, allowing them to consolidate their ability to make full use of resources, their planning and their implementation of technical assistance programmes. That should be done with the agreement and participation of the Governments of the developing countries themselves. The expenditure of funds for the purpose must be planned with care, and the competent international agencies must participate in implementing programmes, under the supervision of the recipient Governments.

23. He also took note of the support UNDP had given to the private sector, which would in conjunction with the improvement of the public sector be another way of helping achieve more effective action towards social and economic development.

24. With regard to the programmes to alleviate critical poverty, it would be good to learn from the experience acquired by the various international and national organizations involved. On environmental questions as well, which were of both national and international scope, the experience accumulated by international organizations and national institutions of all countries should be put to use to improve the environmental protection programmes. It would be desirable to prepare a larger number of specific technical assistance projects on the environment. His Government was prepared to participate actively in that connection and could offer equipment, specialist services and personnel training services.

25. He took note further of the natural disaster response programme and supported the economic programmes that complemented the peace process in Afghanistan and in Central America, and also the assistance to refugees or displaced persons.

26. Another important issue in the Administrator's report was the co-ordination of assistance. His delegation maintained its position that the recipient country itself was primarily responsible for co-ordinating technical assistance.

27. There were two sides to the growing co-operation between UNDP and the World Bank: on the one hand, the Bank's financial capacity, its experience and the programmes it implemented allowed it to affect the course of development in the

(Mr. Chekay, USSR)

developing countries; on the other hand, in some areas of technical development, the Bank represented the interests of a group of countries that were sometimes at odds with the interests of the developing countries.

28. As indicated in the Joint Inspection Unit report on technical co-operation between organizations of the United Nations system and the least developed countries (JIU/REP/87/5, circulated as General Assembly document A/43/228) it was essential to harmonize the programming time frame (paras. 144 to 147) because so far the programmes of the United Nations agencies were not synchronized. That question should interest UNDP, which was increasingly assuming responsibility for co-ordinating external assistance, at the system-wide level as well.

29. The Soviet Union had carefully studied the documents containing the audit reports (DP/1989/58 and Add.1 and 2). For the second consecutive year, the auditors had expressed reservations regarding UNDP. Although the Administration had indicated that in some cases it was a question of differences of opinion at the technical level, or that it had taken or would take the necessary steps to correct shortcomings, the matter deserved special attention. The auditors had expressed reservations about the projects executed by various agencies, among them the United Nations Industrial Development Organization (UNIDO) and the Food and Agriculture Organization of the United Nations (FAO). In the case of FAO, in particular, they had observed that project formulation was not up to standards and that increasingly Governments were formulating projects by themselves, without the benefit of FAO technical advice. According to the auditors, not only did the Government personnel lack experience in the field, but so did some advisers and the FAO and UNDP personnel.

30. The UNDP Administration had recognized that it was necessary to gain more knowledge in the field to improve the quality of projects and had consequently instituted various training activities. However, those measures were inadequate. For years much had been said about the need to improve the project design, but not much was being done. The Soviet Union placed great hope in the new guidelines for projects and programmes. The main point was to take the users into account. His delegation proposed that the Administrator should prepare a report for the thirty-seventh session of the Council on measures that would improve project quality, and requested that trained personnel should work on project formulation in order to increase the effectiveness of UNDP activities. In the 1990s, Government participation in project formulation would take on increasing importance. It was necessary for UNDP to take the initiative in that regard.

31. UNDP was still seeking the best way to help developing countries to resolve their social and economic problems. The Soviet Union was ready to participate actively in such activities and, together with other States and organizations, intended to seek new and more effective ways of giving support to the developing countries.

32. Mr. MAHGOUB (Sudan), referring to documents DP/1989/13 and Add.1 and 2, and in particular to the role of UNDP in the 1990s, asked how UNDP could make a coherent, effective and efficient contribution to the development process. It was necessary

(Mr. Mahgoub, Sudan)

to establish a clear programme of measures in order for the United Nations system to be able to meet the needs of recipient countries. UNDP should interpret its mandate in the broadest possible sense and take the necessary steps in that regard.

33. A clear example was his own country, which was facing complex humanitarian and economic problems and had recently experienced a series of disasters: drought, floods and torrential rains, millions of displaced people and the arrival of large numbers of refugees. His country was grateful that UNDP had played a very important role in the effort to resolve those problems, based on a broad interpretation of its mandate.

34. During the 1990s, it would be necessary to meet the genuine needs and incipient problems of the developing countries in accordance with their priorities.

35. The Sudan greatly appreciated UNDP assistance not only in financial but also in qualitative terms. The main characteristics of future UNDP activities should be the capacity to respond to needs, flexibility and decentralization. It must be recognized that Governments had the primary responsibility for defining priorities. Governments had an important role to play in co-ordination, and UNDP had an equally important role to play in developing government capacity. Assistance should be provided with due recognition of the growing desire and capacity of Governments to supervise programmes and integrate assistance into their normal operations. The future possibilities of government execution were quite substantial. The growing desire of Governments to administer and execute their own development programmes was also important.

36. On the threshold of a new decade, the politically neutral quality and characteristics of UNDP activities made UNDP a suitable organization for the tasks which lay ahead, particularly strengthening of the management dimension of development and poverty alleviation.

37. Development necessarily implied constant change. Accordingly, it was necessary to begin the 1990s with the right approach, one that eschewed rigid guidelines, encouraged flexibility and paid attention to the direct participants in development, who knew the most about the relevant problems.

38. The UNDP Administration had demonstrated that it was willing to distance itself from past practices, and was in a good position to make the necessary transition to the 1990s.

39. Mr. CHAUDOUET (France) said that poverty alleviation was one of UNDP's major objectives which his country fully supported. In many developing countries, especially in sub-Saharan Africa, urbanization was generally excessive and chaotic and caused all kinds of problems. UNDP must play a very important role in that area, in close co-operation with the specialized agencies. The Programme's support to the private sector, an area of great importance for the future of many developing countries, could count on the support of a French assistance agency, the Caisse centrale de co-opération économique which was willing to co-operate fully with UNDP in that area.

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(Mr. Chaudouet, France)

40. France was very interested in the structural adjustment programmes and felt that the beneficiary States should have the primary responsibility for such programmes.

41. Mr. BROWN (Associate Administrator) said that he appreciated the support of the delegation of the United States of America for the United Nations Volunteers programme, and took note in particular of its support for the management dimension of development, an important objective of UNDP. The report of the expert group set up to draft a report on the subject had been completed and, while it would not be given general distribution, UNDP would make it available to Governments interested in reading it. UNDP was trying to help countries to understand which macro-economic policies they needed to implement adjustment programmes, and he appreciated the United States support for that effort. With regard to the request for an explanation concerning the arrangements for the Africa 2000 Network, he suggested that, in order to avoid duplication, the question should be examined when the Council considered the specific agenda item to which it referred.

42. UNDP had received reports on the training courses and meetings held on the question of the environment and had sent staff members from headquarters to attend some of them. Its main objective had been to raise the awareness of the representatives of developing countries concerning the urgency of environmental problems. It was not a question of ideology, but an issue which had a major impact on development. Some aspects of the dialogue on the environment were affected by the North-South conflict. One of the Programme's tasks was to raise the environment issue in the context of development and of its relationship to poverty, thus separating it from the North-South controversy. At the meetings specific environmental problems had been identified and possible solutions suggested, and ways had been discussed of reconciling development and environmental concerns, an issue which affected many developing countries. Delegations which wished to know more could ask UNDP for the summary of the conclusions of those meetings.

43. In reply to a specific question concerning the Programme's need for experts, he wondered whether it might be possible to utilize more experts from the specialized agencies. Donor Governments voluntarily contributed funds so that UNDP could administer them in the most effective way, in accordance with the costs prevailing in major technical assistance areas. As to whether the Administration's principal role would be to provide funds for a proposal submitted by a specialized agency, he did not know whether such a situation had occurred in practice. The Council had, as a matter of policy, agreed that UNDP should to some extent rely on its own experts for preliminary evaluations of the proposals submitted to it, with a general focus on each project and its relationship to the economic situation of the country concerned; no sectoral agency could provide such a focus, since it would have difficulty accepting that another sector had priority over its own. Experience indicated that UNDP was the appropriate body to evaluate the degree of priority of the various sectors, in co-operation with the Government concerned. In order for UNDP to continue performing that function, a slight increase was needed in the number of experts, since the developing countries were trying to obtain assistance in new areas, such as the environment.

(Mr. Brown)

44. With regard to the concern expressed by the Federal Republic of Germany for national development services, no thought had been given to proposing a staff increase but the possibility of growth in that area existed in connection with the United Nations Volunteers programme. Efforts would be made to increase the utilization of national development services and to co-operate with grass-roots organizations in promoting the participation of national development services in the projects of those organizations. For example, the Microfund proposed by the Administrator would be administered by a programme similar to that of the national development services.

45. He thanked the representative of France for his support for the work of UNDP in the area of urbanization.

46. In response to the support of the representative of Poland for the Programme's work on TOKTEN and short-term advisory services, he said that efforts would be made to achieve significant results with a very reduced staff but using the basic UNDP infrastructure.

47. Replying to the representative of the Soviet Union, who had commended the work done in the area of the environment, he said that UNDP was prepared to begin talks with the Soviet Union regarding that country's contribution of experts to UNDP.

48. In response to the Soviet Union's request for information on the additional work needed to improve project documents, he said that that was a continuing process and that information on new developments would be provided as they occurred. He preferred not to add his own observations to those which had been made by the delegation of the Sudan, since the item had already been considered in detail.

49. The PRESIDENT said that, if he heard no objection, he would take it that the Council wished to ask the Drafting Group to prepare draft decisions, if necessary, on any aspects of the item which had not been examined.

50. It was so decided.

#### PROGRAMME PLANNING

##### (a) FOURTH PROGRAMMING CYCLE

###### (i) MID-TERM RESOURCE SITUATION (DP/1989/26)

51. Mr. BROWN (Associate Administrator) introduced the Administrator's report (DP/1989/26), which consisted of four parts. Part one provided details on the outcome of the Administrator's review of the resource situation for the fourth programming cycle, which had been carried out in January 1989. In February 1989 he had informed the Council that, based on the outcome of the review, an additional 25 per cent of the increases approved by the Governing Council in its decision 88/31 had been released for programming activities in January 1989. So far,

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(Mr. Brown)

75 per cent of the total additional amount of resource allocations for the fourth programming cycle authorized by Council decision 88/31 - \$676 million - had been released for programme commitments. The release of the remaining 25 per cent would depend on the outcome of the review scheduled for the end of the year, after the November 1989 United Nations Pledging Conference. The recent strengthening of the United States dollar with respect to the currencies of other major donors might preclude the release of the remaining 25 per cent. The Budgetary and Finance Committee (BFC) had been given all the relevant details, and the Council would decide whether it wished to deal with the issue at the current stage or whether it preferred to wait for the BFC report.

52. Part two of the report contained the Administrator's proposals for revised earmarkings for activities financed under the Special Programme Resources (SPR) in the areas of disaster relief and technical co-operation among developing countries (TCDC). The Administrator was proposing an increase of \$1 million for the SPR earmarkings for TCDC and \$1 million for disaster-related activities, in response to the Council's request that resources should be redeployed or that more money should be obtained for them. Those increases had been accommodated without exceeding the total amount of SPR available for the fourth programming cycle, by reducing the amount of unearmarked SPR by \$1 million and by cancelling the fourth cycle SPR earmarking for pre-investment activities.

53. Parts three and four of the report provided further information on measures taken and the status of resources and commitments with respect to allocations made under the SPR for the Transport and Communications Decades for Africa and Asia. Since the writing of the report, additional budget commitments of \$200,000 had been made for the Transport and Communications Decade for Asia and the Pacific, and a major part of the \$5 million earmarked for the Transport and Communications Decade for Africa had been committed in terms of approved budgets. In his presentation on agenda item 4 (d) (iv), Mr. Damiba had provided a detailed report on the status of the latest commitments.

54. Mr. GOPINATHAN (India) said that SPR allocations which, in accordance with Council decision 85/16 should constitute 1.24 per cent of total UNDP resources, had reached a level of between 3.5 and 4 per cent as a result of the measures taken in June 1988. He expressed the hope that the increase would be temporary, as had been initially assured, and that SPR allocations would return to approximately the levels approved by the Council in its decision 85/16.

55. He also requested that, in allocating SPR, the Council should exercise the same caution as it had in allocating the remaining 25 per cent of IPFs.

56. Finally, introducing the draft decision on assistance to Democratic Yemen (DP/1989/L.14), he mentioned the floods which had occurred in that country in March and April 1989 and said he was confident that the Council would adopt the draft decision.

57. Mr. AL-FAIHANI (Observer for Bahrain) asked the Council to adopt draft decision DP/1989/L.14, since reconstructing Democratic Yemen's infrastructure would require extensive and long-term assistance.

58. Mr. GRAHAM (United States of America) said that his delegation would prefer to wait for the BFC report before making its comments. He recalled that, in the debates on global programmes under previous agenda items, his delegation had requested information on the Conference on Education which was to be held at Bangkok.

59. Mrs. GREDER (Sweden), speaking on behalf of the four Nordic countries, said that it was necessary to take account of currency fluctuations in order to avoid a liquidity crisis and that extreme caution should be exercised before releasing the remaining 25 per cent of the "surplus" which had been identified in 1988. They would like to hear from the Administration what the outlook was in June 1989 as compared with January of the same year.

60. With regard to the revised earmarkings under the SPR, they accepted the increases of \$1 million each for TCDC and for disaster-related activities. The Nordic countries had supported the establishment of the Project Development Facility (PDF) and noted with interest that it was being used increasingly and they could go along with the Administrator's proposal to allocate an additional amount of at least \$2 million to PDF (DP/1989/26, para. 19).

61. Mr. AL-ALFI (Observer for Democratic Yemen), emphasizing the poverty which existed in his country, said that Democratic Yemen was unable to cope with such disasters as floods. The floods of March and April 1989 had caused widespread destruction and damage; however, final figures on the extent of the damage were not yet available. He thanked the countries and intergovernmental and non-governmental organizations which had helped save lives by providing short-term necessities. However, reconstruction of the infrastructure would require long-term assistance. It was well known that his country always made good use of the assistance which it received. It had previously received assistance from the Economic and Social Council, and he expressed the hope that UNDP would provide assistance through its SPR. Finally, he pointed out that the draft decision was similar to previous decisions adopted in similar cases.

62. Mr. AL-ATTAR (Observer for the Syrian Arab Republic) said that his delegation supported the draft decision in document DP/1989/L.14 and wished to be added to the list of sponsors.

63. Mr. AQUARONE (Netherlands), referring to the analysis of the variances on which decision 88/31 A was based (DP/1989/26, part one), observed that although the differences from the actual situation were still acceptable, the surge in the United States dollar would make a re-examination of the situation inevitable in 1989 and 1990. That underscored once again the high degree of uncertainty inherent in the current system and the need to explore alternative calculation systems before the fifth cycle.

(Mr. Aquarone, Netherlands)

64. As for the revised Special Programme Resources allocations, it would appear that Governing Council decision 89/6 had been selectively applied, since the Administrator had proposed an increase in funds for disaster relief and for technical co-operation among developing countries (TCDC), whereas no mention had been made of the need expressed in decision 89/6 to allocate sufficient resources to the components of Special Programme Resources which were devoted to aid co-ordination and programme quality. Only the Project Development Facility was briefly mentioned, but the proposed budget for the replenishment of funds for that facility did not appear to be satisfactory, since it was doubtful whether sufficient reimbursements would be received to cover the \$2 million needed.

65. His delegation welcomed the efforts of the UNDP secretariat to implement the activities of the Transport and Communications Decade for Africa and requested confirmation that the level of commitment attained had indeed reached \$4,920,000 as foreseen in DP/1989/26, paragraph 29. It also welcomed the establishment of a Steering Committee which would monitor the progress made in the implementation of the Decade.

66. The level of commitment of funds for the Transport and Communications Decade for Asia and the Pacific was very encouraging: all projects in the pipeline had been approved by 1988, and disbursements would continue to be made in 1990 and 1991.

67. Concerning project activities themselves, he welcomed UNDP support given to the World Maritime University, which enjoyed a high reputation, and recommended that the support should remain at its current level.

68. Mr. SOUTTER (Canada) said that, like the United States delegation, he would wait until the Budgetary and Finance Committee had submitted its report before examining document DP/1989/26 in detail.

69. He accepted the resource projections given in the document on Special Programme Resources and the Project Development Facility and agreed with the budget provisions for TCDC and for disaster-relief activities.

70. Canada was pleased that the initial allocations had helped to launch the Project Development Facility, but was concerned that the Facility might grow and replace project development activities financed from IPFs. He did not agree that the objective of the Facility should be to separate project formulation from project execution. He asked that a concrete allocation budget should be formulated, and requested more information on the utilization of Project Development Facility resources.

71. He welcomed the information submitted on the Transport and Communications Decade for Asia and the Pacific, and said that support for complementary activities should come from the regional programme and not from Special Programme Resources.

72. Mrs. AL-AWADI (Kuwait) said that her delegation supported the draft decision on assistance to Democratic Yemen sponsored by India (DP/1989/L.14), which would

(Mrs. Al-Awadi, Kuwait)

help Democratic Yemen to begin recovery. Allocations should be increased to alleviate the heavy burden borne by that country owing to the recent flooding.

73. Mr. AL-ZUNNI (Libyan Arab Jamahiriya) said that, in order to assist Democratic Yemen in addressing the economic problems caused by the floods, the Governing Council should adopt the draft decision sponsored by India (DP/1989/L.14).

74. Mr. CHEKAY (Union of Soviet Socialist Republics) said that in the cases where allocations charged to Special Programme Resources were not sufficiently concrete - as had occurred, for example, with the programme of new initiatives and innovative approaches - it would be helpful to have more information on the various programmes.

75. His delegation supported the draft decision sponsored by India (DP/1989/L.14), and noted that both the draft decision and the requested assistance corresponded to the item under consideration by the Governing Council.

76. Mr. SAHLMANN (Federal Republic of Germany), referring to part one of document DP/1989/26, said that his country was interested in seeing that resources were fully and appropriately utilized during the current cycle and in seeing advanced planning for the budget for the next programming cycle, in order to avoid a gap between the two. He agreed that the Administrator should submit a new document on the resource situation in November, when the General Assembly would announce the level of financing for UNDP for 1990. That would be a good time to adopt a new series of measures.

77. Like the delegations of the United States and Canada, he would await the report of the Budgetary and Finance Committee on the general resource situation.

78. Regarding the means of financing additional needs (DP/1989/26, para. 19), he said that he agreed with the additional allocation of \$1 million for disaster relief (para. 16) only if the additional funds needed to improve the quality of programmes and projects could be obtained.

79. Regarding the draft decision sponsored by India (DP/1989/L.14), he wished to know what type of support would be offered to Democratic Yemen.

80. Mrs. BASCONES-DOMINGUEZ (Peru) welcomed the Administrator's proposal to increase allocations for the invaluable programme of technical co-operation among developing countries. Peru was also interested in the Management Development Programme which, aside from a few details, was a worthwhile initiative.

81. Regarding comparison of the resources allocated for the 1987-1991 period with projections, she wished to wait for the report of the Budgetary and Finance Committee. The allocations for disaster relief should be increased to cover not only natural disasters but also those produced by man, such as those caused by chemical waste and oil spills.

82. Mr. FERNANDEZ (Liberia) supported the draft decision sponsored by India (DP/1989/L.14). He also agreed with the United States and Canada that the Council should wait for the report of the Budgetary and Finance Committee before discussing the content of document DP/1989/26.

83. Mr. CABEIRO QUINTANA (Cuba) expressed concern at the increase in the percentage for SPRs. He hoped that the fifth programming cycle would return to the 1.24 per cent originally budgeted. He would wait for the report from the Budgetary and Finance Committee before referring to the analysis contained in document DP/1989/26. Lastly, he supported the draft decision on assistance to Democratic Yemen (DP/1989/L.14).

84. Mr. ZHANG Guanghui (China) supported the draft decision sponsored by India, which would enable the people and Government of Democratic Yemen to rehabilitate their country.

85. Mr. GRAHAM (United States of America) said that, in addition to the information requested by the representative of the Federal Republic of Germany, it would be useful to have data on the status of the IPF for Democratic Yemen.

86. Mr. EL ZUBEIR (Sudan) supported the draft decision on assistance to Democratic Yemen. His country too had been stricken by floods and the assistance provided by UNDP had enabled it to considerably reduce the consequences.

87. Mr. CZARKOWSKI (Poland) supported draft decision DP/1989/L.14. Any measure of assistance to Democratic Yemen deserved the Council's attention.

88. Mrs. BERNAL (Colombia) said that the Council should wait for the report of the Budgetary and Finance Committee before considering document DP/1989/26.

89. Her delegation supported the draft decision sponsored by India.

90. Mr. KRISTAKIC (Yugoslavia) said he believed that draft decision DP/1989/L.14 would receive the Council's unanimous support, making it possible to provide assistance in alleviating the emergency situation in Democratic Yemen.

91. Mr. THOMPSON (Fiji) supported draft decision DP/1989/L.14. His country also suffered the consequences of adverse natural phenomena and was pleased to be able to offer support to other countries in times of difficulty.

92. Mr. BROWN (Associate Administrator), referring to draft decision DP/1989/L.14, said that the Council allocated SPRs over and above IPFs when natural disasters had serious consequences. UNDP provided two kinds of assistance: first, humanitarian assistance up to a maximum of \$50,000 (which had already been provided to Democratic Yemen) and then assistance for rehabilitation and reconstruction. He wanted to be quite clear as to whether the draft decision was asking the Administrator to exceed the SPR ceiling agreed to in 1986. Since the beginning of the current cycle, the \$1.1 million maximum had been granted to very few countries. In view of the rate at which SPRs were being spent as a result of the

(Mr. Brown)

disasters that had stricken many countries since 1987, it was not going to be possible to exceed the agreed maximum and it might even be necessary to reduce it. In the light of that situation and in order to clarify that important point, the issue should be discussed in informal consultations before it was referred to the Drafting Group.

93. Replying to the representative of India, he said that if the review of the balance of resources showed that the remaining 25 per cent of additional IPF resources could not be released, the provisions of paragraph 15 of Council decision 88/31 would apply: both IPFs and SPRs would be reduced proportionally with the exception that, as authorized by the Council, 100 per cent of the resources for the Project Development Facility would be released.

94. The United States representative had asked about the World Conference on Education to be held at Bangkok. That Conference was to be sponsored by the World Bank, UNICEF, UNESCO and UNDP, which had agreed to contribute \$500,000 each. Resources had also been earmarked for preparations for the Conference and UNDP had set aside \$365,000 from its research budget to cover research activities. UNDP must contribute to the Conference, which was to focus on one of UNDP's areas of concern; moreover, recent reports indicated that there had been a serious decline in primary education which was jeopardizing vocational training levels.

95. UNDP had already worked with the World Bank and UNICEF on the organization of other conferences, such as on the Safe Motherhood Conference. Such forums provided a launching pad for new development activities. The small investment that UNDP was making in the Conference formed part of its responsibilities as a world organization in the area of technical co-operation.

96. He agreed with the representative of Canada that the Project Development Facility must not displace IPFs in project formulation. However, Governments' reluctance to invest IPFs in project processing had resulted in a situation where some countries had no projects in the pipeline. Thanks to the new impetus provided by the Facility, there were now many projects in the pipeline in a number of countries. The Facility also made it possible to recruit foreign experts for project evaluation. Agency participation in all such activities was increasing steadily.

97. The Administration would provide the necessary information before the end of the current session in response to the question by the representative of Canada concerning the use of the Facility and by the representative of the Soviet Union concerning the use made of specific SPR components.

98. Replying to the questions by the representative of the United States, he said that, as of 1 May, 92 per cent of the IPF for Democratic Yemen had been committed, which was why special assistance over and above that amount would be needed.

99. Mr. AL-ALFI (Observer for Democratic Yemen) said that the Associate Administrator had given an unprecedented interpretation of the draft decision on

(Mr. Al-Alfi, Observer, Democratic Yemen)

assistance to his country (DP/1989/L.14) and by specifying a ceiling in actual figures had made it impossible for his country to request assistance. However, some members of the Council and other countries that were not members of the Council had expressed support for the draft decision.

100. The draft decision gave no specific figure; less than \$1.1 million might be needed, or perhaps more. There were other Governing Council decisions with identical wording. The wrong approach was being taken to the issue. His delegation was not opposed to the referral of the draft decision to the Drafting Group, but it was beginning to be concerned that that might distort the intent of the decision. If it proved necessary to exceed the figure of \$1.1 million, what yardstick could be used to evaluate the damage? The example of the Sudan and other countries was not a valid one. There were countries which had genuinely needed the sums of money they had requested. In 1983, for example, an identically worded draft decision on the Yemen, where an earthquake had occurred, had been presented to the Council. On that occasion, there had been no attempt to interpret the decision. It would be setting a very bad precedent to place a restrictive interpretation on a draft decision which had yet to be adopted.

101. Mr. SAHLMANN (Federal Republic of Germany) said that in 1988 a decision had been adopted on Yemen; the draft decision now before the Governing Council should be worded along the same lines, which would take account of Democratic Yemen's concerns. He wished to suggest that informal consultations should be held on the matter, or that the matter should be discussed in the Drafting Group.

102. Mr. BROWN (Associate Administrator) said that when the wording of a draft decision was ambiguous the draft was of little value. In the case under consideration the Governing Council could invite the Administrator to consider whether he could provide additional assistance to Democratic Yemen beyond the normally authorized amount; however, in the light of what had been said, namely, that there was an amount of \$7 million for two and a half years, it would be very difficult to construe the decision as meaning that the Administration could agree to exceed that figure. The draft merely read "requests the Administrator to consider", which would not appear to give rise to any disagreement. The purpose of his suggestion had been to eliminate ambiguity, by specifying that the Administrator would provide assistance to Democratic Yemen in the framework of the resolutions already adopted by the Council.

103. If the Council wished to change its decision, and exceed the amount of \$1.1 million, it must make an express statement to that effect, regardless of what the requirements were. Otherwise the Administration would have no choice but to implement the Council's earlier decisions.

104. He suggested that delegations should hold consultations on the wording of the draft and that the Council should adopt an explicit decision as to whether the maximum amount could be exceeded. If the Council decided that that amount could not be exceeded, the issue would be dealt with as a routine administrative matter.

105. Mr. AQUARONE (Netherlands) wished to know whether in the coming year the secretariat would submit a proposal on how to deal with the deficit in disaster-related resources and on the action that would have to be taken in order to increase such resources in the current cycle.

106. Mr. BROWN (Associate Administrator) replied that, in the secretariat's view, it would be necessary to give the Council guidance at its February session with regard to the balance; if the situation remained unchanged, it would most probably be recommended that the ceiling of \$1.1 million should be lowered, since it would be impossible to retain that figure until the end of the cycle. The only alternative would be for the Council to allocate a higher amount.

107. Mr. AL-ALFI (Observer for Democratic Yemen) said that he wished to ask the Associate Administrator two questions. Firstly, did Democratic Yemen, or any other country, need a draft decision in order to obtain a sum not exceeding \$1.1 million from UNDP? If so, the reason for preparing a draft decision was to obtain an amount exceeding the limit. Secondly, were there any previous instances in which other countries had been given an amount exceeding the sum specified on the basis of any decision similar to the one in the draft in question? If that was not the case, Democratic Yemen should not be treated differently. Democratic Yemen was a least developed country and needed every single penny that could be given to it.

108. Mr. BROWN (Associate Administrator) said that since the adoption of the decision on the use of Special Programme Resources (SPR) in connection with the fourth programming cycle no country had been given more than \$1.1 million. However, the Administrator had the authority to grant up to \$1.1 million to Democratic Yemen without any decision being required. Democratic Yemen would be granted a sum exceeding \$1.1 million only if the relevant decision contained a specific statement that it should receive such a sum. If the draft decision was adopted as it stood, Democratic Yemen could not be granted more than \$1.1 million.

109. The PRESIDENT said that further consultations should be held on the matter. He therefore suggested that the issue should be referred to the Drafting Group.

110. It was so decided.

111. The PRESIDENT suggested that the Council should take note of the report in document DP/1989/26.

112. It was so decided.

(c) ARRANGEMENTS FOR THE FIFTH PROGRAMMING CYCLE

113. Mr. BROWN (Associate Administrator), introducing document DP/1989/74, prepared pursuant to Council decision 89/15, said that the starting-point in the process of preparing for the fifth programming cycle was the drafting of a conceptual paper to outline the issues and options for utilizing the resources that, it was to be hoped, the Council would agree upon in 1990.

(Mr. Brown)

114. Document DP/1989/74 was divided into four parts, each dealing with a different aspect of resource utilization. Chapter I dealt with the length of the programming cycle. Chapter II set forth a number of scenarios to be used for resource allocation. Chapter III raised issues relating to the main allocation principles underlying the overall establishment of country indicative planning figures (IPFs). Chapter IV identified issues directly related to the calculation of individual IPFs.

115. Some of the issues raised in the fifth programming cycle were connected with the level of resources. In the past, there had been some periods in which there had been a decline in programme activities, in real terms. Over the past four years the average rate of growth had exceeded the rate of inflation, and in 1989 programme delivery would be 38 per cent higher than that achieved in 1986. The achievement of real growth in programme activities carried with it the responsibility of maintaining such growth in the current and following cycles. The Council should therefore consider as a minimum basis for resources in the fifth cycle a growthrate in voluntary contributions that would permit the maintenance of programme delivery in real terms.

116. Whatever assumptions the Council agreed on for resources in the fifth cycle, it remained clear that each option for the allocation of resources benefited a particular group of countries but disadvantaged another group of countries. Any option raised the IPFs for a certain group of countries, but another group's IPFs declined as a consequence. One of the purposes of the informal consultations scheduled for the remainder of the current year and the first half of 1990 was to clarify the impact of the options in question.

117. It was essential to achieve a balance between IPFs and centrally managed activities for the period 1992-1996. By increasing the SPR to 3.6 per cent of fourth cycle resources, the Council had positioned UNDP in a dynamic leadership role in developing new strategies for international development and technical co-operation. The growing demand for SPR-financed activities was illustrated by the fact that at the mid-point in the fourth cycle virtually all resources currently available for traditional SPR activities (\$99.6 million) had been earmarked, with well over half of that amount fully committed in approved budget. The justification for the centrally managed programme of activities was stated clearly in document DP/1989/74 (paras. 23-27). The level of SPR proposed by the Administrator carried with it a commitment that UNDP could continue to play a dynamic role in programme development, in research, with respect to TCDC activities, in responding to natural disasters and in other major areas.

118. It was important that the Council should reach a decision on the fifth cycle in June 1990. It was of paramount importance to the continuity of programme activities that IPFs should be communicated to Governments at the earliest possible time so that the new country programmes could be prepared and presented to the Council from 1991 onwards. The Council was encouraged to make every effort to reach agreement at its thirty-seventh session on the utilization of resources in the fifth cycle.

119. Mr. NAKORNCHAI (Thailand) said that document DP/1989/74 touched on major policy matters which would govern the utilization of UNDP resources during the next cycle. Although final decisions were to be made at the next session, the UNDP administration had sought guidance from the Council on a number of issues and options raised in that document.

120. On the question of periodicity of resource allocations, his delegation proposed that the current five-year cycle should be maintained. More than five years would be too long, a rolling cycle system would be too shifting and would entail more frequent submissions of country programmes for shorter periods, and perhaps neither of those options would lead to greater predictability of resources. Furthermore, the change might complicate the situation for countries (such as Thailand) whose development plans synchronized with the five-year UNDP cycle, and might reduce the flexibility of the UNDP assistance programme, which had been one of its great merits since the Consensus of 1970.

121. With regard to resource scenarios, and in particular the carry-forward of IPF entitlements from one cycle to another, his delegation agreed with the Administrator that a ceiling should be set at between 60 per cent and 75 per cent of the IPF established for the fourth cycle. That ceiling would be most salutary for programme delivery as a whole.

122. On the question of the main allocation principles, his delegation proposed that the current balance between IPF resources and Special Programme Resources (SPR) should be maintained, and that SPR should be kept at 3.6 per cent of total cycle resources. Also, the balance between country and inter-country IPFs should be maintained at the current level. It should be noted that the current share of inter-country IPFs had already exceeded by one percentage point the level collectively agreed to in the Consensus of 1970.

123. The most complex issue was that of criteria and principles for the distribution of country IPF allocations. It was essential to improve the way in which IPFs would be worked out for the forthcoming cycle. His delegation fully supported the Administrator's recommendation that a more meaningful measurement of per capita GNP might be based on the lower half of the population, which would render UNDP assistance more responsive to needy populations.

124. With regard to weight coefficients based on actual population, the Council should reconsider the current methodology, which rewarded countries with high population growth rates; UNDP policy should not victimize those countries whose family planning policies had succeeded. If a basic criterion which reflected or rewarded that success could not be found, his delegation suggested that success in family planning should be considered one of the supplementary criteria for the calculation of IPFs.

125. As to supplementary criteria, his delegation proposed that decision 85/16, which stipulated that the total value of the supplementary IPF should not exceed one half of the basic IPF, should be maintained, since the system should refrain from awarding a particularly high IPF derived from supplementary rather than basic criteria.

126. Mr. AL-FAIHANI (Observer for Bahrain), said that considering reimbursable IPFs at the preliminary stage of the debate constituted an attempt to impose that concept without taking into account the results of the discussion of the question. It was premature to consider the item if methodology for the fifth programming cycle was not yet available.

127. With regard to countries facing an economic crisis, with 1983 per capita income over \$3,000 (DP/1989/74, annex), he reiterated what he had already stated in detail in February 1989 and said that the annex in question did not inspire much confidence, since it had been prepared without the support of the countries directly involved.

128. Concerning the criteria used to calculate country IPFs, it was regrettable that the report took into account only population and per capita gross national product, instead of taking into account social and geographical factors, as the Council had done in February 1989 in a decision requesting that new criteria should be prepared taking those factors into account. Instead the report relied on decision 85/16 and ignored what the Council had decided in February.

129. With regard to net contributor status, he recalled that in a letter dated 1 June 1989 addressed to the Associate Administrator of UNDP, the Permanent Mission of Bahrain had indicated that that country accepted in principle decisions 85/16 and 89/5 on net contributor obligations, although it was facing economic difficulties, and was opposed to the idea of covering the costs of the local UNDP office in Bahrain. Furthermore, Bahrain had drawn attention to its position as an island developing country which needed the support of international agencies and specifically the support of UNDP. Lastly, the letter had expressed reservations about covering the costs of the local office, as requested in a 1988 letter. He recalled that his country's latest voluntary contribution had been made in 1989 and had amounted to \$56,000.

130. He observed that according to article 16, paragraph 4, of the agreement signed between Bahrain and UNDP, the two parties were to decide the global amount and there was no mandatory text specifying the sum to be paid.

131. UNDP had evaluated the costs on the basis of its own decision, which was contrary to the agreement between Bahrain and UNDP. Bahrain wished to co-operate closely with the Programme, at both the national and regional levels. It wanted the parties concerned to continue talks with a view to reaching a solution to the question of net contributor status. His country was grateful for the assistance UNDP had given it, especially since independence, with a view to establishing a production infrastructure and diversifying its economic base. That made it possible to strengthen the development capacity of Bahrain in particular and the Gulf in general.

The meeting rose at 1.05 p.m.