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on Wednesday, 22 February 1989, at 10 a.m.

President: Mr. PIBULSONGGRAM (Thailand)

later: Mr. SALAZAR-SANCISI (Ecuador)

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The meeting was called to order at 10.30 a.m.

STATEMENT BY THE DIRECTOR-GENERAL FOR DEVELOPMENT AND INTERNATIONAL ECONOMIC  
CO-OPERATION

1. Mr. BLANCA (Director-General for Development and International Economic Co-operation) emphasized the importance of operational activities, which were the foundation of and complement to the analyses and studies carried out by the United Nations and the specialized agencies. The Administrator of UNDP, the Executive Director of UNFPA and the Under-Secretary-General for Technical Co-operation for Development hoped that the Council's discussions would result in suggestions and recommendations which would help them in their task of mobilizing international resources and capacities in support of economic and social development.
2. The Office of the Director-General had special relations with the network of resident co-ordinators in over 110 countries. Their views and those of their colleagues in other organizations would be highly useful in the formulation of proposals for improving the organization of operational activities which he would submit in the context of the triennial review to be undertaken by the Economic and Social Council and the General Assembly in 1989. In submitting the proposals, account would be taken of the work done by that Council, particularly its consideration of the future of UNDP and its consequences for the other organizations of the United Nations development system, its review of the experience gained in 20 years of co-operation with UNFPA in the area of population and its analysis of the possibility of adapting the procedures and arrangements for technical co-operation among developing countries to the latter's new needs.
3. He expressed appreciation to all the organizations concerned with international co-operation for their ongoing valuable support for efforts to upgrade the quality, content and effectiveness of operational activities for development, adding that he intended to work to improve the coherence and co-ordination of activities carried out in response to the developing countries' requests, based on the voluntary contributions of those Governments with the means and will to participate in co-operation for development.

FOURTH PROGRAMMING CYCLE: PROGRAMME PLANNING

CATEGORIZATION OF SPECIAL PROGRAMME RESOURCES ACTIVITIES (continued)  
(DP/1989/64)

4. Mr. RAMIREZ OCAMPO (Assistant Administrator and Regional Director for Latin America and the Caribbean) reported on the implementation of the Special Plan of Economic Co-operation for Central America (SPEC) and, more specifically, the activities financed with the \$20 million from Special Programme Resources, which the Council had approved in June 1988. Of that amount, \$18.5 million had been allocated for the formulation and implementation of priority technical co-operation projects, pre-investment projects and projects to strengthen national and regional institutions and \$1.5 million had been allotted to provide support to the UNDP role

(Mr. Ramirez Ocampo)

of co-ordinator in the context of institutional arrangements for implementing the Special Plan.

5. In August 1988 UNDP had established a Division for Central America. On 10 September 1988 the meeting of Central American Vice-Presidents had endorsed a mechanism for the implementation of the Special Plan and, at the same meeting, Central American intraregional co-ordination mechanisms had been set up. On 28 and 29 November 1988 UNDP had convened a meeting of the Support Committee, the technical body of the mechanism. In addition to Governments, the following had attended the meeting: the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), the World Bank, the International Monetary Fund, the Inter-American Development Bank, the Organization of American States, the Economic Commission for Latin America and the Caribbean (ECLAC) and such Central American organizations for regional integration as the Central American Monetary Council (CMC) and the Central American Bank for Economic Integration (CABEI). Progress had been made at the meeting in establishing criteria for identifying priority technical co-operation and pre-investment projects. Ten technical co-operation projects had been considered and a schedule of work had been approved for the first half of 1989.

6. In its resolution 43/210, the General Assembly had welcomed the working out of mechanisms to facilitate the implementation of its resolution 42/231 and the ongoing consultations on those mechanisms and had recommended the convening of a meeting, in close co-ordination with UNDP, between the Governments of Central America and the bilateral and multilateral co-operating community, for the purpose of reviewing events relating to the development process, including assistance requirements, and of discussing the programmes and projects that could be implemented as soon as possible in support of the goals and objectives of the Special Plan. That meeting would be held at the end of June or beginning of July in Geneva.

7. During the past seven months, 20 projects had been prepared totalling \$14.8 million. One was the project on institutional support to UNDP amounting to \$1.5 million. The other 19 projects totalled \$13,478,000 but only \$6,002,000 of that had been charged to Special Programme Resources and the remainder would come from various forms of co-participation. Since an amount of \$18.5 million had been allotted for priority technical co-operation projects, that left a balance of \$12,498,000 available for programming. Of the 20 projects, 12 had been approved and 8 were in the process of being approved.

8. The 19 technical co-operation projects fell within the following three categories. The first was assistance to refugees, displaced and repatriated persons and comprised two projects, one financed by the Government of Italy, the other implemented by the Office of the United Nations High Commissioner for Refugees. The second was financial and monetary questions and comprised three projects, two aimed to advise CMC and the other aimed to strengthen CABEI. The third category concerned productive sectors and trade, and included projects on agricultural development, identification of priority industrial sectors,

(Mr. Ramirez Ocampo)

modernization of customs clearance, facilitation of trade and work related to the adaptation and harmonization of the common external tariff of Central America. There were also projects on electricity, telecommunications, tourism, strengthening of regional institutions and of craft co-operatives.

9. Based on the current work programme, activities had begun in the social field, including a pilot project for treating children affected by the violence in Central America, which would be implemented by UNICEF and five regional health projects prepared by the ministries in the region with the support of the Pan-American Health Organization.

10. As to the project on institutional support to UNDP, amounting to \$1.5 million, to promote, implement and follow up the Special Plan, priority had been given to the strengthening of offices in Central American countries. In the Division for Central America in New York two professionals would be assigned to the Special Plan.

11. The Special Plan was beginning to play a guiding role in respect of international co-operation focusing on Central America and a contract had been signed for the design and implementation of a computerized information system on the implementation of the Plan; it should start to operate on an experimental basis on 1 March.

12. Lastly, he pointed out that the political atmosphere in Central America was conducive to the continued implementation of the Esquipulas II peace plan and the efforts made by the United Nations system, with UNDP co-ordination, to implement the Special Plan of Economic Co-operation for Central America in support of the peace initiatives.

13. Mr. POWER (Canada) said that Canada was prepared to assist the Central American countries so that their projects would be successful.

14. Mr. MORALES CARBALLO (Cuba) welcomed the work achieved to date with the \$20 million allocated by the Council for the Special Plan of Economic Co-operation for Central America and expressed confidence that the work would prove successful.

15. Mr. RHONER (Switzerland) said that, while he agreed in principle with the proposals contained in document DP/1989/64, it was necessary to review them more thoroughly.

16. In its discussions on the next programming cycle, the Council should pay attention to future growth and the allocation of special Programme Resources. The proliferation of special programmes administered from New York was of some concern and was not fully in line with the decentralization policy advocated by the Council in recent years.

17. UNDP must have the capacity to act in case of emergencies or when important new needs arose; however, most of those needs should be met through IPFs, especially the unprogrammed portion, although it should be borne in mind that

(Mr. Rhoner, Switzerland)

special resources not covered by IPFs would always be needed. In any event, UNDP must establish guidelines for the utilization of resources. In recent years there had been a trend towards allocating special resources for an increasing number of programmes without giving much thought to the long-term effects of such a policy. His delegation attached great importance to having that aspect considered during the debate on the future of UNDP and on the allocation of resources for the fifth programming cycle in particular. With regard to the \$7 million for disaster relief mentioned in paragraph 5 of document DP/1989/64, it was perhaps inadvisable for the Council to decide in detail how those resources should be distributed; it might be better to let the Administrator determine their distribution over the three areas.

18. With regard to section B of document DP/1989/64, paragraph 6 (a), on aid co-ordination, ought to cover the sectoral round tables held at the country level. With regard to the evaluation activities mentioned in paragraph 6 (b), it was necessary to know what kind of evaluation was meant and whether it differed from the evaluation covered under the regular budget. More information was required about the activities relating to the environment and the sustainable development action plan mentioned in paragraph 6 (c) (iii). In the future, such activities ought to be financed from IPF resources reserved for the UNDP general programme.

19. The \$1.7 million contingency fund was quite small. Also, the \$2.5 million earmarked for the establishment of the support unit for the Management Development Programme should be included in the budget in the future.

20. The Administrator had said he would submit a report on the utilization of Special Programme Resources. That report ought to contain details about the programmes and projects financed with those resources.

21. Ms. DUDIK-GAYOSO (United States of America) endorsed the questions raised by the representative of Switzerland and said that the criteria for the utilization of funds earmarked for the Project Development Facility had changed; imperceptibly at present, more attention was being paid to project design per se than to a review of project design proposals. One of the original objectives of the Project Development Facility had been to enable UNDP to formulate a relatively independent opinion of the advice provided by technical and specialized agencies responsible for project design. Currently, UNDP was using the Facility's resources to finance supplementary activities of the specialized and technical agencies, which, while not exactly counter to the decision, was quite removed from the initial objective.

22. It was not hard to see the reasons for that change, but it was still not clear how UNDP wanted to use the Facility and whether resident representatives could use it to ensure the quality of project design. Her delegation sought a clear statement of the current objective.

23. Regarding activities related to the private sector (DP/1989/64, para. 6 (c) (ii)), it was reported that the earmarkings had had to be redistributed among the categories under that heading and that they were currently being adjusted to a realistic level. Her delegation wondered whether UNDP was spending more than

(Ms. Dudik-Gayoso, United States)

the amounts earmarked without having sought the Council's authorization; if that was the case, her delegation wished to know how that had come about.

24. In connection with the new activities mentioned in paragraph 6 (c) (iii), her delegation wanted to know what type of new activities UNDP was planning for human resources development and the development of debt management strategies, and why those activities had to be financed from Special Programme Resources.

25. It would be useful to have more information about the longer-term research activities referred to in paragraph 6 (d). Since full details were not provided, it would be preferable not to allocate the full amount at present. The secretariat should not think that the existence of an agreement regarding such allocations constituted an authorization to undertake activities that had not been explained in sufficient detail.

26. Mr. CABEIRO QUINTANA (Cuba) supported the proposal in paragraph 2 of the report to release 25 per cent of the resources available in 1989 for immediate commitment; he suggested that, although the report contained no such reference, 25 per cent of the amount earmarked for country IPFs should also be released at the beginning of the year to ensure adequate planning from that point on.

27. The report indicated that some items had increased more than others for various reasons; the table in the report showed that only \$2.5 million in additional resources were included for technical co-operation among developing countries (TCDC). Given the importance of TCDC to developing countries, the secretariat should review the distribution of resources and find a way of allocating at least \$1.5 million more for TCDC-related activities, bringing the total up to a minimum of \$4 million.

28. Mr. KUFUOR (Ghana) said that the table in the report showed that an earmarking of \$5 million for the Transport and Communications Decade in Africa had been made in 1985 in accordance with Governing Council decision 85/16. The Group of African States was distressed by the fact that the Administrator had not yet taken the necessary steps to use it. Africa greatly needed to increase its volume of traffic of passengers and goods, and in 1988 the African Group had asked in the Council why the earmarking had not been committed. The Group had been told that the Economic Commission for Africa (ECA) had not submitted any projects. ECA, however, had informed the African Group that a project for a unified office for the trans-African highway and another, related to the Decade's industrial component, had been submitted. Those projects had not been approved, and no reason had been given for their rejection, even though the African Group had requested that information repeatedly.

29. With the first Decade drawing to a close, the General Assembly and the Economic and Social Council had decided to declare a second decade; in its resolution 43/179, the General Assembly had requested the Secretary-General, in consultation with the Organization of African Unity, African regional economic groups and United Nations agencies, to undertake the preparatory arrangements for

(Mr. Kufuor, Ghana)

the Second Transport and Communications Decade in Africa and to submit a progress report, through the Economic and Social Council, to the Assembly at its forty-fourth session and a final report at its forty-fifth session. In November 1988, ECA had submitted a project on those preparations to UNDP, but no response had been received to date. That was a perfect example of the lack of interest shown in matters of importance to Africa.

30. The African Group wanted the necessary steps taken in that specific case and hoped that at its thirty-sixth session the Governing Council would ask UNDP to present a progress report on the preparations for the Second Decade, information as to why the two projects submitted previously had not been approved and information regarding the current status of the project on the preparatory phase of the Second Decade. That decision could be taken under item 4 (b) (iii) of the agenda of the thirty-sixth session, so that UNDP could at last say what steps should be taken in that regard.

31. Mr. BREVIK (Norway), speaking on behalf of the Nordic countries, emphasized the importance of various activities financed from Special Programme Resources and the special significance of efforts to enhance programme quality and strengthen aid co-ordination activities. The additional \$30 million approved during the preceding session to finance traditional activities with Special Programme Resources was not a large amount, and the Nordic countries formed the proposals, contained in the report, for the setting of clear priorities for the utilization of those limited resources acceptable.

32. During the previous session, certain views had been expressed on the issue of the private sector. At present, it would be useful to know what experience had been acquired in promoting private-sector activities and how UNDP planned to use resources, pending the appearance of a full report on those activities at an appropriate time.

33. Resources for disaster relief were limited, but impressive results could be obtained with small amounts if they were used effectively at the right time, in the right place and in the right way. Resident representatives must have the necessary emergency relief facilities to act promptly, and it would be helpful to know whether the process for approving emergency relief projects made that possible. The Nordic countries wished to have more information about activities relating to the environment and the sustainable development action plan.

34. Mr. KABIR (Observer for Bangladesh) said he had carefully studied document DP/1986/64 and had taken note of the scarcity of resources and allocations. He drew attention to the information contained in paragraph 5, concerning disaster relief, to the effect that the Special Programme Resources earmarking had been increased by \$7 million, bringing the total to \$31 million. Of that amount, the available balance as at 31 December 1988 had been only \$11,490,000. The Administrator had pointed out that that amount would probably be insufficient to cover disaster relief, reconstruction and rehabilitation needs.

(Mr. Kabir, Observer, Bangladesh)

35. Bangladesh had first-hand experience with the excellent work done by United Nations agencies, including UNDP, in responding to disasters in a timely and effective manner. Consequently, his delegation fully supported the Administrator's decision to monitor resource availability in that category and hoped that, if the situation warranted, the corresponding earmarkings would be increased.
36. Like other delegations, his delegation hoped that, in view of the importance and expansion of TCDC-related activities, the needs in that area would be fully met.
37. It was unfortunate that no funds had been earmarked for the Transport and Communications Decade in Asia and the Pacific. Even though the available balance for that item was minimal, his delegation was convinced that additional resources could be allocated for the Decade.
38. Mr. LIU Lianke (China) said that, according to the Administrator's report, programme resources were allocated in close relation to the earmarking for each category. Referring to the allocation for TCDC-related activities, he pointed out that the promotion of such activities was an important task of UNDP and should therefore receive additional resources and support.
39. Mr. BABINGTON (Australia) said he sought a few clarifications regarding the revised Special Programme Resources earmarkings. In the area of evaluation and programme quality, funds had been earmarked for the renovation of the Project Development Facility. Other delegations had also referred to the \$500,000 earmarking for selected evaluation studies and related training activities (para. 6 (b)). His delegation wished to know whether the studies and training activities had already been identified, and what criteria had been used in doing so.
40. Under the heading "New initiatives/innovative approaches" \$2.5 million had been earmarked for the environment and the sustainable development action plan; his delegation desired to know what progress had been achieved in drafting that action plan.
41. Lastly, in section A, on disaster relief, reference was made to a recent agreement between UNDP, the Office of the United Nations Disaster Relief Co-ordinator and other agencies. His delegation would be grateful for more information about the terms of that agreement.
42. Mr. TALAVERA (Peru) said his delegation was concerned at the proliferation of programmes originating in New York. With regard to the document under consideration (DP/1989/64), and more particularly to the status of Special Programme Resources, his delegation wished to endorse the remarks made by the representatives of Cuba and China that technical co-operation among developing countries was a development option that could not be ignored, chiefly because of the promotional work it accomplished. That earmarking was thus insufficient, and the Administrator ought perhaps to consider some measure to increase it.



43. Mr. CRUSE (France) endorsed the remarks made by the representatives of Switzerland and the United States of America; he, too, sought further details regarding the use of certain funds. Specifically, he would appreciate information regarding the \$4 million earmarking under "Programme development" for programme quality and evaluation. That was a new decision related to the previous programme, since it appeared that that amount had been committed before February 1989 without any input from the Governing Council, being treated as a new programme.

44. Mr. YUJNOVSKY (Argentina) said that his delegation attached great importance to the TCDC-related activities of UNDP; the resources which UNDP made available to Argentina supplemented national resources secured through cost-sharing agreements. What was involved, then, was a bilateral activity that was largely dependent on political decisions. UNDP had been of great service to Argentina in the area of project identification and administration.

45. The network of UNDP offices, particularly in countries where Argentina had no diplomatic missions, had been an extremely important factor in the timely completion of projects, since activity costs would have been prohibitive without such administrative services.

46. During the period 1986-1988, Argentina had contributed \$4.6 million to UNDP projects through cost-sharing arrangements. During the period 1984-1986, it had contributed \$4.1 million.

47. The shortage of resources experienced by the Special Unit for Technical Co-operation among Developing Countries, which continued to lack seed money to stimulate new activities, might pose an obstacle to country strategies. His delegation hoped that, as the representatives of Cuba, China and Peru had indicated, consideration might be given to the possibility of increasing those resources so as to benefit such important activities which, furthermore, complemented the multilateral activities carried out through UNDP.

48. Mr. SALAZAR-SANCISI (Ecuador) said that, given the overall decline in official development assistance, TCDC was becoming a financial catalyst that made it possible to attract additional resources on favourable terms. In recent months, it had proved to be an instrument that complemented development and had led to extremely beneficial negotiations.

49. In recent years, nature had vented its fury on a number of extremely poor countries, causing damage which had caused the people's standard of living to fall. It was therefore important that a substantial increase should be made in earmarkings under the heading of disaster relief.

50. Mr. AQUARONE (Netherlands) endorsed the remarks made by the representatives of the United States of America and Switzerland regarding the proliferation of centrally administered funds. He wished to know how the UNDP Administration intended to deal with some of those activities in the context of regular activities of the fifth programming cycle.

(Mr. Aguarone, Netherlands)

51. The representative of Ghana had raised the issue of the apparent failure to utilize \$5 million for the Transport and Communications Decade in Africa. Actually, the table in document DP/1989/64 showed that that amount, which corresponded to the original earmarking, had been available for commitment and authorized, but the table did not indicate that it had been allocated.

52. Mr. Salazar-Sancisi (Ecuador) took the Chair.

53. Mr. DUHALT (Observer for Mexico), Mr. SOAREZ DE LIMA (Brazil) and Mr. RONDON-MUSSO (Observer for Venezuela) fully endorsed the statements made by the representatives of Cuba, China, Peru and Ecuador regarding the need to increase resources for TCDC-related activities.

54. Mr. VARDACHARI (India) also associated himself with other delegations of the community of recipient countries in pointing out the need to increase resources for TCDC-related activities. The Council, in its June decision, had intended that the additional \$30 million should be allocated in as close a proportion as possible to the existing earmarkings.

55. His delegation felt that the Transport and Communications Decade in Asia and the Pacific, which had not received additional resources and for which there was a zero balance, required a separate earmarking.

56. With regard to category B, Programme development, and in particular section B3, New initiatives/innovative approaches, his delegation felt that the amounts proposed were excessive in relation to the priorities assigned by the members of the community of recipient countries.

57. Mr. SOTO (Colombia) noted that the multiplier effect of benefits resulting from the development of the technical and administrative capacities of the developing countries through TCDC machinery was enormous. He therefore joined the many delegations which had requested that more resources should be allocated to that programme.

58. Mr. PETTITT (United Kingdom) asked for a clarification about the release of resources in accordance with what had been decided the previous year. Paragraph 2 of document DP/1989/64 indicated that 50 per cent of the increase approved the previous year could be released, and that an additional 25 per cent would be released in future, making a total of 75 per cent authorized for commitments in 1989.

59. With regard to the earmarking of additional amounts for Special Programme Resources, his delegation could accept the proposals summarized in column 3 of the table. It should be noted that only three eighths of the money was available. In any case, the proposals would supplement ongoing programmes considerably. He asked whether TCDC would be a viable alternative for increased earmarkings, and whether IPFs could be used for that purpose more imaginatively.

(Mr. Pettitt, United Kingdom)

60. In respect of new initiatives, a more flexible approach had been taken than the one which had governed the mathematical allocation of the proposals submitted the previous year. The Project Development Facility, programme research and disaster management had benefited from that approach. Subject to receiving satisfactory replies to the questions put by the United States on the Project Development Facility and by Australia on disaster preparedness and management, the United Kingdom would welcome the increases in those categories.

61. His delegation was disappointed that more Special Programme Resources had not been allocated to aid co-ordination, but it was pleased that there was a possibility of obtaining more conventional resources for the continuation of round-tables and NatCAPs. In brief, his delegation supported the proposals contained in the document.

62. Mr. ARIYARATNE (Sri Lanka) said that his delegation attached great importance to TCDC-related activities and agreed with the preceding speakers that an increase of \$2.5 million for earmarkings in that category was insufficient. His delegation was also concerned, as was the delegation of Bangladesh, that no resources had been allocated to the Transport and Communications Decade in Asia and the Pacific.

63. Mr. DOLJINTSEREN (Mongolia) said that it was important to allocate resources for the Transport and Communications Decade in Asia and the Pacific. He also joined the other speakers who had stressed the need to allocate additional funds for promoting TCDC.

64. Mrs. PERKOVIC (Yugoslavia) said that her country attached enormous importance to technical co-operation among developing countries. It therefore enthusiastically supported the requests by previous speakers for an increase in resources for TCDC-related activities.

65. Mr. ELGHOUAYEL (Tunisia) said that he supported the delegations which had advocated a substantial increase in Special Programme Resources for TCDC-related activities.

66. With regard to category F of the budget (Management Development Programme), he noted that there was an available balance of \$15 million. At the same time, the secretariat had reported that \$60 million had not yet been disbursed. He wished to know, therefore, what the \$15 million in category F referred to and how that category should be understood as a whole.

67. Mr. CHEKAY (Union of Soviet Socialist Republics) noted with satisfaction the increasing attention being paid, in the framework of TCDC activities, to assistance in cases of natural disasters. He asked for more information on category B of the status of Special Programme Resources. In his delegation's view, the figures alone were not sufficiently informative.

68. Mr. TAL (Director of the Planning and Co-ordination Office), in reply to the concerns expressed by the Swiss delegation and other delegations about the proliferation of activities under Special Programme Resources which were managed

(Mr. Tal)

from headquarters, said that many of the activities included in the present document had been financed by those resources from the beginning, and that although it was true that their amount had increased, the Council had agreed in June 1988 to add two further categories, the Management Development Programme and the Special Plan of Economic Co-operation for Central America. However, the Council would have the opportunity to consider proposals relating to that question in the discussion of the fifth programming cycle, and could invite the Administrator to submit a conceptual document at its thirty-sixth session so that he could express his views on the subject.

69. With regard to the suggestion that the method of disbursing the \$7 million under disaster relief should be left to the discretion of the Administrator, he explained that in general terms there was an understanding between the Administration and the Council that, within a broad range, the Administrator had the authority to allocate certain funds in accordance with practical necessities. For example, if the emergency assistance resources had been used up, and a new disaster occurred, the Administrator could use the reconstruction and rehabilitation resources to offer UNDP assistance.

70. It should be recognized, as some delegations had pointed out, that the amount allocated to disaster relief might be insufficient, since the experience of the past 18 months unfortunately indicated that the demand was much higher than before. If the amounts allocated were not used, the Administration would be happy to return the amounts to the Programme, but the uncertainty about the future probability of disasters made it necessary to include them in the estimates.

71. As to the question asked by the French delegation about the \$4 million in additional resources for the Project Development Facility, he explained that it was not a new category. At the Council session held in June 1988, after a long discussion and although it had not been formally recorded in the decision, the Council had taken the position that it was not opposed to the Administrator's allocating substantial amounts to the Project Development Facility during the fourth programming cycle, because the main concern in that case was to promote programme growth. Therefore, the Project Development Facility, to which \$1 million had already been allocated, had been supplemented by an additional \$3.5 million.

72. The proposals submitted by the Administrator in June, in the amount of \$80 million, had been based on the most realistic as possible assumptions about the additional needs for so-called traditional activities financed by Special Programme Resources. It had been necessary to take the difficult decisions which were currently being submitted to the Council about the best way to meet all those needs.

73. With regard to the \$5 million for the Transport and Communications Decade in Africa, he was sorry to have to agree with the Ghanaian delegation, and others which had expressed the same view, that despite the desire of UNDP to commit those funds, and although it had remained in contact with the Regional Bureau for Africa, some obstacles remained in the deliberations on various project documents, which had prevented the proposals from being implemented. He trusted that there would

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(Mr. Tal)

soon be the necessary votes to ensure that the process resulted in a viable project document and in activities soon to be implemented in the field. In the report to be submitted by the Administrator in June, an account would be given of the progress of consultations concerning the allocation of that amount.

74. With regard to the agreement between UNDP and UNDRO and other bodies, he noted that in 1988 the UNDRO Executive Secretary and the UNDP Administrator had submitted a report to the Secretary-General on the subject, listing the activities to be undertaken by the two bodies jointly in order to strengthen the capacity of the United Nations system to respond more effectively in the field. One of the joint activities being carried out by UNDRO and UNDP, in co-operation with other bodies, was the preparation of a manual on disaster preparedness. They were also conducting a series of assessments of the experience acquired in dealing with disasters in order to improve their capacity to respond to them, and they were planning a number of training activities for UNDP and governmental staff to facilitate mutual co-operation in emergency relief activities.

75. Mr. BROWN (Associate Administrator), in reply to the question asked by the United States delegation about whether there had been a shifting course in the utilization of the Project Development Facility, admitted, as had been hinted by that delegation and the Director of the Planning and Co-ordination Office, that it had been necessary to give priority to projects in the pipeline. An examination of past progress in implementing projects under the Project Development Facility showed that one of the main bottlenecks was that in only a few countries had the identified projects reached the stage where it was possible to submit and approve them. In any development programme, whether bilateral or multilateral, one of the major obstacles to good management was the lack of worthwhile projects.

76. By using the Project Development Facility to identify and formulate such projects, UNDP was also helping to improve their quality since its efforts were in addition to those being made by outside agencies and offices. The pressure to identify projects did not mean abandoning one of the main objectives of the Project Development Facility, namely, to improve their quality.

77. The resident representatives, like the regional agencies and bureaux, were entitled to request funds under the Project Development Facility. The system was currently functioning in a decentralized manner, and each regional bureau was managing an allocation of funds, whereas the financial arrangements had previously been centralized in one bureau.

78. The Swiss delegation had expressed the view that many of the global initiatives should be channelled through the Project Development Facility. Although he agreed in principle, he felt that one of the guidelines for the Special Programme Resources was to use those funds to test new systems and new strategies, and once they had proven to be feasible in enhancing development, to integrate them into the system of Indicative Planning Figures (IPF). There was a need for caution in that area, since there was a danger that the regional bureaux might make too much use of the Special Programme Resources for that purpose and become used to

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(Mr. Brown)

drawing on them continually, on the pretext that the experimental studies had not produced conclusive results. However, the Administration was aware of the risk, and the Council had previously accepted the pilot stage aspect of the utilization of Special Programme Resources.

79. The Swiss delegation had also pointed out, in relation to the Management Development Programme, that the \$2.5 million allocated for administration was supposed to have reverted to the administrative budget; in that case, the same principle should apply as in the previous case, namely, a new approach should be taken, and in the next programming cycle the Council should decide how the funds would subsequently be used. By then, the Administration hoped to have established the feasibility of the system.

80. An overwhelming majority of delegations had asked for more resources to be allocated to TCDC, and he was concerned that acceding to those requests would require reductions in some other category; however, the delegations had not suggested what type of reductions might be made. The only additional unearmarked resources were the contingency funds, which amounted to \$1.7 million. He therefore suggested that the Special Unit for TCDC, if it found that the rate of commitments was too high, should submit a report to the Council so that it might decide whether to allocate additional moneys to TCDC at the present time; and if so, in what amounts, bearing in mind that, if additional earmarking were accepted, the only source left was the contingency fund.

81. Other questions had referred to what was being done in relation to the environment, debt management and the private sector. He replied that in all those cases the Special Programme Resources were being used as a path-breaking tool. For example, in the case of the environment, where the amount allocated seemed too small, every effort should be made to carry out a campaign in the developing countries. It was impossible to ignore the negative impact of poor environmental practices on the developing countries. UNDP would not like to take too dogmatic an approach to the question, turning it into a North-South confrontation. Each country must be aware of the costs, benefits and disadvantages of disregarding the problem of the environment. Accordingly, the first task in that area was to bring together those responsible for informing public opinion in each country to study environmental issues questions in depth. To that end it would be necessary to work together with UNEP and FAO environmental experts. It was also important to adopt guidelines and procedures to take into account the particular problems of the developing countries. For example, it was wrong to admonish those who cut down trees in order to use the bare land to eke out a meagre existence; that would only make sense in the context of a programme which would attempt to provide them with alternative ways of earning income. UNDP was currently trying to convey such ideas to its resident representatives, who in turn would disseminate them in the countries to which they were assigned. When the report on that subject was submitted to the Council at its thirty-sixth session, it would certainly be possible to show that the small amount of generating capital had been correctly used.

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82. It was clear that such projects did not belong in the IPF, but should be administered centrally. The same could be said of activities relating to the private sector and debt management. As for the latter problem, which was obviously one of the areas of greatest concern to the developing countries, the participation of UNDP would not solve it; there were other bodies that were attempting to do so. UNDP was presently concentrating on improving debt management, since many countries lacked the capacity to do so. Various research projects were being conducted, in the hope that they would be beneficial to the developing countries.

83. The representative of the United Kingdom had referred to the question of the release of the 25 per cent. During its previous session, the Council had reviewed the increase in allocations deriving from the additional money which had become available to UNDP. One of the decisions adopted had been to act with caution and initially to release only 50 per cent of IPFs and 50 per cent of SPRs. The Council had also agreed that following each pledging conference the Administrator would review the estimates of future resources, would decide whether they continue to be correct and, if so, whether it would be sensible to continue to release money. That procedure had been followed to the letter and, the dollar had been getting stronger since June 1988 (a factor that had been taken into account in the estimates) and there had been an increase in donor contributions in national currencies during the pledging conference, the release of an additional 25 per cent was warranted. The procedure would be repeated in 1989; the pledging conference to be held in November showed an increase in the level of contributions similar to that used in the original forecast, the release of the following 25 per cent would be justified.

84. Mr. PIBULSONGGRAM (Thailand) resumed the Chair.

85. Ms. DUDIK-GAYOSO (United States of America) requested that a copy of the agreement between the Office of the United Nations Disaster Relief Co-ordinator (UNDRO) and UNDP should be circulated. She expressed concern about the ability of the United Nations system to cope with emergencies. SPR projects should be dispensed with if IPF funds were not available for those initiatives. It would be useful to know what resources had been actually committed to TCDC, for that amount was undoubtedly not the same as the amount allocated. Lastly, she asked how the newly released 25 per cent was to be used.

86. Mr. BROWN (Associate Administrator) pointed out that the Governing Council had already approved of the allocation of money to UNDP. The question under discussion was how that money should be spent. Replying to the representative of Tunisia, he indicated that under heading F of the table showing the state of Special Programme Resources, there was an available balance of \$15 million out of the \$30 million which had been authorized. Replying to the representative of the United States of America, he emphasized that the Governing Council's decision concerning the allocation of the additional 25 per cent had been strictly adhered to. As to technical co-operation among developing countries, he indicated that there was a difference between legal and moral commitments, inasmuch as moral commitments

(Mr. Brown)

arose, for example, whenever UNDP decided to guarantee certain bilateral agreements between countries. That decision entailed future rather than immediate financial consequences.

87. Mr. OMOTOSO (Secretary of the Council), replying to a question raised by the representative of Mauritania, said that the Council set up drafting groups only during regular sessions. During special sessions, the Administrator's proposals and delegations' comments were noted or the proposals were approved. However, in some cases, proposals made by delegations were discussed among delegations or in the Bureau.

88. Mr. OULD CHEIKH EL GAOUTHE (Mauritania) suggested that at future sessions the Secretariat should include recommendations and suggestions in the reports so that delegations could amend them or clearly know the import of the decisions that they were adopting.

89. Mr. ELGHOUAYEL (Tunisia), referring to heading F (Management Development Programme) of the table in the report, asked how the \$15 million (the difference between the \$60 million that had been earmarked and the \$45 million that were available) would be spent.

90. Mr. BROWN (Associate Administrator) said that that \$15 million had yet to be allocated. The Council had approved \$60 million and had indicated that initially 50 per cent, i.e., \$30 million, would be used and that an additional \$15 million (25 per cent) would be released subsequently. That left \$15 million yet to be allocated pending the review of resources, which would take place in December 1989. Only then could that amount be made available to the Management Development Programme.

91. Mr. KUFOUR (Ghana) said that, in view of the explanation of the Secretary of the Council, the African Group would hold consultations with the secretariat in order to prepare a draft decision on the Transport and Communications Decade in Africa, trusting that the Council would welcome it.

92. Mrs. BERTRAND (Austria) said that Austria, like the United States, was concerned about the ability of the United Nations system to respond effectively to disasters. When the Secretary-General's report on special economic and disaster relief assistance (A/43/731) had been considered in the Second Committee of the General Assembly, her delegation had congratulated UNDP and the Office of the United Nations Disaster Relief Co-ordinator (UNDRO) on the drafting in their joint task force of a few recommendations and conclusions on the ways of improving the working relationship between the two bodies. The annex to the Secretary-General's report contained the final report of the joint UNDP/UNDRO task force to improve co-operation for disaster response, mitigation and rehabilitation. In the Second Committee, Austria had proposed that, when the question was taken up, as was currently the case, with respect to the categorization of SPR activities, the resources for disaster activities should be increased. It was encouraging to see



(Mrs. Bertrand, Austria)

that UNDP had provided for some additional funds but her delegation would have preferred a larger increase. In any case, UNDP had announced that it would report regularly on the status of the funds and on the need to increase them.

93. The PRESIDENT said that, if he heard no objection, he would take it that the Council wished to take note of the Administrator's programme contained in document DP/1989/64, bearing in mind the opinions expressed during the current session.

94. It was so decided.

#### NET CONTRIBUTOR STATUS (DP/1989/5)

95. Mr. BROWN (Associate Administrator) said that document DP/1989/5 provided additional information concerning the questions which had arisen with respect to the acceptance by Governments of the net contributor requirements specified in paragraphs 11 to 13 of decision 85/16. It should be recalled that the Administrator had submitted three previous reports to the Council on the net contributor status of specific countries. In its decision 88/31, the Council had agreed to defer consideration of the last report, contained in document DP/1988/70, until the current special session.

96. Part I of document DP/1989/5 summarized the issue identified in document DP/1988/70 and provided an update of IPF expenditures and local office cost obligations made by individual net contributor countries. Since the document had been finalized, the table appearing on page 6 had been updated and issued as a separate document.

97. Council decision 85/16 had specified that deductions should be made from the IPFs after 1 January 1989 where voluntary contributions were less than programme expenditures in the case of net contributor countries. Decision 88/31 had deferred the implementation of that provision pending the decision of the Council. Therefore, the Council's guidance was being sought on several specific issues detailed in paragraph 4, among which were programme planning for net contributor countries that had either not formally accepted their net contributor obligations or had accepted those obligations but had not made contributions to the programme equivalent to the IPF expenditure. The remaining issues were mentioned in paragraphs 6 to 12 of the document.

98. The second part of the report dealt with issues not previously raised before the Council, having to do with government local office cost obligations. While the obligation of net contributor countries to reimburse UNDP for local office costs had been clearly established in Governing Council decisions and in the Standard Basic Agreement signed by those countries, several issues had been contested which had affected the actual implementation of the net contributor provisions. First, some Governments were reluctant to pay local office costs which appeared disproportionate to the IPF. Secondly, the method of apportioning such costs among the individual countries served by a multi-country office continued to be an obstacle despite the clarifications contained in decision 88/31. Lastly, some

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Governments had insisted on having a greater voice in the UNDP budgetary aspects of the field offices, and in some instances had objected to the increased staff costs required under the common system.

99. It should also be borne in mind that, while decision 85/16 provided that deficiencies in voluntary contributions should be deducted from the IPFs, that mechanism could not guarantee that countries would meet their government local office cost obligations in cases where voluntary contributions showed a negative balance after the accounting linkage (decision 84/9, para. 8) had been applied. As members would recall, the accounting linkage determined that when a deficiency occurred in a Government's local office cost contribution, that deficiency would be deducted from its voluntary contribution to the programme. Under those circumstances the IPF would, in effect, finance the government local office cost contribution shortfall, although one could assume that had not been the intention of decision 85/16. The Administration would welcome the Council's guidance regarding the problem.

100. It should be noted that Gabon and Iran, previously listed in the net contributor category, were not currently subject to those obligations (DP/1989/5, paras. 32 and 33). The base data for the 1983 per capita GNP for Iran had been revised, resulting in a reduction to below \$3,000. That in turn had led to an increase in Iran's fourth-cycle IPF, in accordance with decision 85/16. The revised IPF was calculated at \$11 million for the fourth-cycle, an increase of \$2.2 million over the previous calculation. Also, net contributor obligations had been waived for Gabon for 1987 because the country's 1987 per capita GNP had fallen below \$3,000. The indications were that Gabon's per capita GNP would remain below \$3,000 for 1988.

101. The Council had also dealt extensively with the net contributor obligations of countries whose per capita GNP was above \$3,000 but which had been experiencing serious economic deterioration. In that connection, it had to be recognized that per capita GNP was only one indicator of economic status. Several countries with a per capita GNP above the \$3,000 threshold were experiencing difficulties that threatened their future economic activity and their development. He was referring to economic deterioration that was not cyclical or sectoral but pervasive, long term and measurable over a fixed period in relation to standard indicators such as terms of trade, a continuous decline in government and export earnings, and significantly increased unemployment.

102. At the request of Governments and following informal consultations with members of the Council, the Administrator had developed and was now proposing for the Council's review, in an informal conference room paper, economic hardship criteria for net contributor countries that might justify waiver of their obligations. The criteria were designed to provide objective, empirical standards for the Council's review of any petitions for waiver of net contributor obligations submitted by individual Governments. The Council might wish to designate some or all of the criteria as requirements for a waiver.

(Mr. Brown)

103. While the Administrator wished to receive guidance from the Council on all the issues mentioned in the paper, given the short time available for discussions the Council might wish to focus primarily on the Administrator's proposals regarding programme planning for net contributor countries (DP/1989/5, paras. 4 and 5).

104. In the event that further discussions were required on the other substantive issues raised in the paper, it might be helpful if members of the Council considered possible alternative solutions that could contribute to future discussions on the net contributor requirements. In that case, the Administrator could make proposals regarding such alternatives.

105. On a related subject, it might be of interest to the Council to know the status of voluntary contributions from those countries mentioned in paragraphs 8 and 9 of decision 85/16, which urged countries with a per capita GNP of between \$1,500 and \$2,000 to contribute as great a portion as possible to the Programme, using the annualized IPF as a reference. Countries with a per capita GNP of between \$2,000 and \$3,000 and small island countries with a GNP of up to \$4,200 were expected to contribute a ratio of at least 75 per cent of the IPF expenditure in each year of the cycle. Sometimes it was assumed that only the countries with per capita incomes above \$3,000 had an obligation to reimburse all or part of the programme.

106. On that basis, 2 of 12 countries whose GNP fell between \$1,500 and \$2,000 had contributed more than 50 per cent of the annualized IPF, while 3 of 20 countries whose GNP fell between \$2,000 and \$3,000 had contributed at least 75 per cent of their IPF expenditure, and sometimes more, for 1987-1988. The three latter countries were in fact "net contributors", having contributed over 100 per cent of the IPF expenditure. An informal table illustrating that status was available for delegations wishing to consult it.

107. Lastly, the Administrator wished to notify the Council that, in accordance with the General Assembly decision of 20 December 1988 designating Mozambique as a least developed country, the three additional supplementary points for least-developed-country status had been awarded to it and had resulted in an increase in the fourth-cycle IPF. The amount had been calculated in accordance with Council decisions 85/16 and 88/31, and had yielded an increase of \$9,996,000 to be financed from non-allocated resources. The details of that increase would be available in subsequent documents, but in order to avoid any delay for the Government of Mozambique in programming those resources, the Council was asked to confirm the increase now.

The meeting rose at 1.10 p.m.

