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SUMMARY RECORD OF THE 6th MEETING

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President: Mr. PIBULSONGGRAM (Thailand)

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The meeting was called to order at 3.15 p.m.

PARTICIPATION OF THE UNITED NATIONS DEVELOPMENT PROGRAMME IN THE PREPARATIONS FOR THE SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES (DP/1989/9)

1. Mr. LOUP (Director of the Least Developed Countries Support and Co-ordination Unit) said that after the first United Nations Conference on the Least Developed Countries, held in September 1981, had marked the beginning of a concerted effort on the part of the international community which was embodied in the Substantial New Programme of Action (SNPA) for the 1980s for the Least Developed Countries. A set of priorities and targets to assist a group of countries in dire need had then been established, both for those countries themselves and for the members of the donor community to direct their official development assistance. At the end of the first decade, unfortunately, much remained to be done to meet the objectives set in 1981.

2. It was in that spirit that the General Assembly had decided to carry out a global review and appraisal of the implementation of the Substantial New Programme of Action at a high-level, during a second conference to take place in September 1990. While the United Nations Conference on Trade and Development (UNCTAD) had been designated as the focal point for the Conference, an appeal had been made to all Governments and intergovernmental and multilateral institutions to mobilize their resources so as to make the Conference a collective effort of the international community. The Governing Council had then decided to have UNDP assist the least developed countries (LDCs) to ensure that they were able to participate fully in the preparations and in the Conference itself.

3. The Administrator, in close consultation with UNCTAD and the donors concerned, had decided that an amount of \$1,255,000 should be provided from the Special Measures Fund for the Least Developed Countries (SMF/LDC) to finance a significant part of the various costs involved. The UNDP contribution was to cover about half the cost of short-term advisory assistance for the preparation of the country economic memoranda to be submitted by the 42 LDCs to the Preparatory Committee of the Conference; travel and per diem costs for two participants from each LDC in the donor/recipient meeting scheduled for May 1989; travel and per diem costs for 15 participants other than from donor Governments in the follow-up experts' meeting later in 1989, if such a meeting was needed; travel and per diem costs for two participants from each LDC in the Inter-governmental Group on the Least Developed Countries scheduled for March/April 1990; travel costs of two representatives from each LDC to the Conference itself in September 1990; and some miscellaneous costs. The approval procedure for that contribution had been completed early in 1989. UNCTAD was to execute the project financed by UNDP; its implementation was well under way and was expected to proceed on schedule.

4. Ms. ALAWADI (Observer for Kuwait) said that her delegation hoped that UNDP would provide assistance to LDCs to enable them to participate fully in the preparatory work for the Conference and devise the necessary national and international policies to expedite their development process in the 1990s in keeping with their long-term national economic and social development policies. It looked forward to further UNDP activities and programmes in LDCs and increased efforts to provide support and financing to such programmes from regional and international resources. Developing countries and LDCs were in dire need of such assistance because of deteriorating economic and social conditions, the worsening debt crisis and the resulting sluggish growth.

5. Her delegation called for special attention to be paid to the subject of debt relief, referred to in the annex to document DP/1989/9. The Emir of Kuwait, in his capacity as Chairman of the fifth session of the Organization of the Islamic Conference, had introduced an initiative at the General Assembly in September 1988 whereby all countries, from North and South, would co-operate in the economic and technical fields to solve the debt crisis and establish a new international humanitarian and economic order. Under that initiative, creditor countries would meet to consider writing off the interest on loans to LDCs or part of the principal; the International Monetary Fund and the World Bank would reconsider the strict conditions imposed on recipient countries so that loans could be a catalyst for growth; and there would be a transfer of technology and scientific assistance from North to South, with due attention paid to human resources. It was to be hoped that UNDP and Member States would respond positively to that initiative, especially since the confrontational debt issue between debtor and creditor nations had become a major international political problem. Efforts by UNDP to support technical co-operation among developing countries and LDCs through extrabudgetary funding and additional resources would help alleviate the suffering of those countries.

6. Mr. HEIN (United Nations Conference on Trade and Development) said that the Second United Nations Conference on the Least Developed Countries provided an important opportunity to confirm the commitment of LDCs and of the international community to put the economies of those countries on the path of development. Lessons would have to be drawn from the experience of the 1980s to design more effective national and international policies with respect to LDCs. In that endeavour, the views of LDCs themselves were of key importance; the preparation of country memoranda was not an easy task for LDCs since it involved making projections and outlines of their policies for the 1990s at a time of great uncertainty. The financial assistance provided by UNDP for technical assistance, as well as the support given by UNDP field offices, was therefore particularly valuable. UNCTAD was receiving full co-operation from the regional commissions directly concerned, from the United Nations Department of Technical Co-operation for Development and other United Nations bodies in its efforts to provide advisory services to LDCs.

(Mr. Hein, UNCTAD)

7. In promoting the development of LDCs, the mobilization of such national economic actors as public and private enterprises and women was of great importance; special meetings on those topics were therefore envisaged in the preparatory process. The availability of a sufficiently high level of official development assistance to LDCs was vital. That question, and the manner in which such assistance would be provided, would be discussed at the special donor/recipient meeting to be held in May 1989; in addition, a meeting on the role of non-governmental organizations in the development of LDCs was scheduled for June.

8. The support and co-operation of UNDP, and also the contributions made to the preparatory process by the Governments of Norway, the Netherlands, Finland and the Soviet Union, were particularly welcome. Some planned preparatory activities, such as the meetings on the role of NGOs and women, remained to be funded and it was to be hoped that additional contributions would be made available to UNCTAD for that purpose.

9. Arrangements for the Conference were proceeding well. The report of the meeting of eminent persons on the problems of the least developed countries, which had taken place in September 1988 at The Hague, gave a preliminary indication of possible lines of action which could be pursued in the 1990s for LDCs. In preparing his report to the Conference, the Secretary-General of UNCTAD would also be able to benefit from the country presentations and the conclusions and recommendations of the various meetings already mentioned, as well as the inputs of all agencies and bodies of the United Nations system.

10. Many ongoing UNCTAD/UNDP technical co-operation activities already addressed precisely the kind of issues in public sector management and institution-building that had been raised in the discussions on that matter in the working group and at the current session, and UNDP was already drawing on UNCTAD's mandate and expertise in that area. Such co-operation was taking place in respect of debt monitoring and debt management projects, operating in about 20 developing countries; the computerization of customs administration programmes in over 20 developing countries; the TRAINMAR network, with subregional training centres in over 15 developing countries; and work to assist the developing countries in multilateral trade negotiations in the Uruguay Round and to enhance the negotiating capacity of developing countries in international trade. In all those fields, developing countries were finding it worthwhile to have recourse to national and inter-country IPFs and in many instances major donors, at the request of the developing countries concerned, had shown their support by supplementing UNDP resources with trust fund contributions to UNCTAD.

11. Mr. RHONER (Switzerland) said that it was gratifying to note that UNDP had one of the strongest focuses on LDCs of any global, bilateral or multilateral donor programme; that strong focus was especially appropriate with regard to multilaterally subscribed grant funds for technical co-operation and for grant capital assistance funds. His delegation hoped that it would be possible to further enhance UNDP's focus on poverty and LDCs during the fifth cycle.

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(Mr. Rhoner, Switzerland)

12. Switzerland had been able to follow relatively closely UNDP's efforts with regard to the implementation of the Substantial New Programme of Action for the 1980s for the LDCs. In addition to its growing general contribution to UNDP's general resources, it supported the SMF/LDC and the United Nations Capital Development Fund (UNCDF). Document DP/1989/9 showed that UNDP planned to play a much more active role in the upcoming events on LDCs than in the past; it was to be hoped that UNDP would be able to make a substantive contribution to the debate in the different preparatory meetings and at the 1990 Conference and that UNCDF concerns and viewpoints would be fully integrated into UNDP's contribution to the Conference.

13. It was gratifying that UNDP had recently started to play a much more active part in the Consultative Group meetings sponsored by the World Bank, particularly with regard to technical co-operation. As to the round-table mechanism, the current format had on the whole proved useful. The consultations preceding actual round-table meetings were of crucial importance and did much to determine the outcome of such meetings. The role of the specialized agencies in the round-table process was a very important unresolved issue which should be taken up in the course of preparations for the Conference and at the next meeting of the working group. His delegation would welcome further information on the follow-up meetings to round tables, as well as on UNDP's experience with thematic and sectoral meetings, which were of crucial importance. It would also appreciate further information about the national technical co-operation assessment and programmes (NaTCAPs).

14. His delegation had hoped that the new, sharper focus given to SMF/LDC over the past few years would attract additional funds from donors, particularly those for whom certain aspects of development were so important. The Administrator should prepare a more comprehensive report on actual operations financed out of the Fund, demonstrating how useful its activities really were. Such a report would be most valuable in the preparations for the Conference and would help mobilize additional resources.

15. On the question of funding for country memoranda and for preparatory meetings for the Conference itself, his delegation felt that, before appealing for multilateral and bilateral contributions, UNDP should invite other donor countries to consider making a special contribution to the existing fund for LDCs. Such additional funds would enable UNDP to finance the additional meetings, studies and activities mentioned in paragraphs 27 to 31 of document DP/1989/9.

16. On the substance of the preparatory work, his delegation felt that national memoranda should not be produced solely by external consultants, but should be written under the responsibility of the countries themselves. UNDP should also play an active role in the evaluation of the round-table exercise undertaken by UNCTAD; in that connection, it would be interesting to see the terms of reference for round tables.

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(Mr. Rhoner, Switzerland)

17. As to possible new UNDP initiatives in the 1990s, his delegation felt that by further improving the impact and durability of IPF-financed activities, UNDP would make a very important contribution towards helping solve the problems of LDCs during that period.

18. Ms. KORHONEN (Finland), speaking on behalf of the Nordic countries, said that the Nordic delegations attached considerable importance to the problems of LDCs as part of their development co-operation policies. They had implemented the recommendations of the Substantial New Programme of Action and felt that the timing of the Conference was most opportune because recent international economic reports showed that LDCs had not been able to experience economic growth as originally envisaged in the Programme. Because substantive preparations for the Conference were being made by UNCTAD, the Administrator's report (DP/1989/9) gave the impression that the role of UNDP was limited to the provision of financial assistance to LDCs.

19. The checklist of country presentations gave an idea of the substantive issues at hand; the expert group meetings broadened the scope of the issues to be taken up at the Conference. It was of great importance that the broad spectrum of problems of LDCs should receive due attention.

20. UNDP's role in the preparatory process was vital not only as a funding agency but also as a partner to which LDCs could turn when they needed country-specific advice on the preparation of their own papers. The Nordic delegations would welcome additional information on how the improved round-table meetings and the Consultative Group meetings had served the need of collecting material about LDCs for preparing individual country presentations and how Resident Representatives had been instructed to assist those countries after the checklist had been circulated to them by the Secretary-General of UNCTAD.

21. Despite some reassuring statistics in document DP/1989/9, the Nordic countries had expressed concern about the relatively low level of UNDP's total resource allocations to LDCs. They were the main contributors to various special funds for LDCs because they felt that LDCs were disadvantaged in so many respects that extra efforts were needed to assist them.

22. During the fifth programming cycle, the Nordic delegations would like to see more emphasis placed on the needs of LDCs. Improved aid co-ordination processes should be made attractive both to the countries concerned and to the donor community so that improvements in the planning and programming of assistance could be forthcoming.

23. Mr. KABIR (Observer for Bangladesh) said that the importance of the Second United Nations Conference on the Least Developed Countries could not be overemphasized. There were currently 42 LDCs with a total population of about 400 million. They were the poorest and most vulnerable countries in the prevailing adverse global economic environment. The Substantial New Programme of Action had failed to provide the much hoped for boost to the economies of LDCs and

(Mr. Kabir, Observer, Bangladesh)

consequently the goals of alleviating poverty and relieving their most pressing social needs had not been met. Many LDCs were in a worse situation than in the early 1980s; moreover, their numbers were increasing.

24. His delegation hoped that UNDP's strong emphasis on support, in terms of resource allocation, for the implementation of the Substantial New Programme of Action during the third and fourth programming cycles would continue in the fifth cycle as the needs were greater than ever before. It particularly welcomed the UNDP initiatives for the 1990s outlined in paragraph 34 of document DP/1989/9. However, the needs of LDCs must be given more focus, and UNDP's priorities in LDCs for economic management and aid co-ordination should be reinforced in conformity with recipient countries' own priorities and national plan objectives.

25. The Special Measures Fund (SMF/LDC) had been stagnating for the past two years and was supported by only four or five donors; the Fund must be made more vigorous. His delegation was glad that UNCDF had been mentioned as part of UNDP's efforts to help LDCs. However, rather than expanding the operations of UNCDF beyond LDCs, the focus on LDCs must be sharpened.

26. His delegation appreciated the action taken by UNDP in making extrabudgetary resources available to UNCTAD from SMF/LDC to support various preparatory arrangements for the Conference. It was gratifying to note that UNDP was consulting with UNCTAD and other bilateral donors and it was to be hoped that that consultation process would continue up until the Conference itself. His delegation urged that UNDP continue its dialogue with UNCTAD and other donors in order to seek funds for the preparatory meetings referred to in paragraphs 28 to 30. As a country highly vulnerable to natural disasters, Bangladesh had a special interest in the meeting of experts on disaster preparedness in LDCs. His delegation was concerned that travel costs to the Conference itself were to be funded for only two of the three representatives from each LDC and hoped that additional funding would be found.

27. Mr. FERNANDEZ (Liberia) noted that Africa was the continent with the largest number of LDCs. His delegation was therefore pleased to observe from the report (DP/1989/9) that additional resources were to be made available to LDCs and, especially, that there were to be increases in their IPFs. The fact that LDCs and donors had urged UNDP to take a leading role in Consultative Group meetings (para. 8) clearly indicated the importance attached to UNDP as an objective and unbiased partner in the development process. UNDP's increased efforts to assist Governments in the co-ordination of donor activities in the field, described in paragraph 9, were also encouraging. In connection with paragraph 11, his delegation did not believe that UNDP should become too involved in the implementation of structural adjustment; that strategy was still experimental and even the World Bank was rethinking it.

(Mr. Fernandez, Liberia)

28. His delegation welcomed the close co-operation between UNDP and UNCTAD in the preparations for the Conference. To ensure effective participation by LDCs, costs must be covered for at least three representatives from each LDC instead of two. UNDP must help ensure that the views of LDCs were articulated in the best possible way. His delegation urged donors to provide assistance in that respect.

29. Mr. CRUSE (France) said that his delegation appreciated the work already done by UNDP in preparing for the Second United Nations Conference on the Least Developed Countries. It was regrettable that document DP/1989/9 did not take a more substantive approach to major themes of the Conference; additional comments from UNDP and from other agencies and States would be welcome.

30. Substantive work for the Conference had been undertaken in his country in co-operation with UNCTAD; he hoped that specific proposals could be made soon. As the host country, France hoped that the Conference would produce concrete and innovative proposals for support to the LDCs.

31. Mr. PETTITT (United Kingdom) asked whether the Administrator's report to UNCTAD had been forwarded to the UNCTAD secretariat by the end of January 1989 as required and, if so, whether it could be made available to the Council. Furthermore, had any part of document DP/1989/9, especially Part III, been forwarded to UNCTAD? If it had, he emphasized the following: first, it should not be assumed that there would be a further Substantial New Programme of Action (SNPA) for the LDCs - that was a matter to be decided after the review; second, the suggestions contained in Part III were matters to be examined by the Council, not by the Conference or the various preparatory meetings.

32. If the results of the UNCTAD evaluation of aid co-ordination through round-table meetings were made available to the Council, that would assist its consideration of the future role of UNDP.

33. He welcomed the plan set out in Part II, section A, for UNDP assistance in the preparation of country presentations, which should help to avoid the difficulties encountered in earlier meetings.

34. Mr. LIU Lianke (China), reviewing the plans and aims for the Conference as set out in document DP/1989/9, said that his delegation actively supported the measures taken by UNDP in preparation for the Conference.

35. Mr. BECKER (Federal Republic of Germany) said that, in line with the comments made by the representatives of Switzerland, Finland and Liberia, his delegation supported UNDP's special focus on poverty and LDCs, of which document DP/1989/9 gave substantial indications. He welcomed UNDP's increased involvement in the round-table process and its active participation in the World Bank Consultative Group meetings, especially those concerning technical co-operation with developing countries. The strengthening of the national technical co-operation assessment and programmes (NaTCAP) process should be encouraged. He would, however, appreciate more information on the role of the specialized agencies in that area. His



(Mr. Becker, Federal  
Republic of Germany)

delegation was also interested in hearing about the substantive results of UNDP co-operation with LDCs, especially as compared with its co-operation with other developing countries.

36. Mr. SALES (Mozambique) said that his delegation advocated a permanent process of consultation and the consequent integration of LDCs into the various conference activities. He drew attention to the comments made by the representatives of Liberia, Bangladesh and Switzerland concerning the preparation of country presentations and expressed appreciation to all donor countries and UNDP for having committed funds to that important activity. In the light of paragraph 21 of document DP/1989/9, UNDP should continue its efforts to secure the additional funding required for the adequate participation in the Conference of LDC representatives.

37. His Government thanked the UNDP Administration for its prompt and effective implementation of General Assembly decision 43/431, by which his country had been included in the list of LDCs.

38. Mr. LEENSTRA (Netherlands) said that his delegation could largely support the contents of document DP/1989/9. Further clarification was needed as to what UNDP secretariat had intended in drafting paragraph 34 (c).

39. Mr. LOUP (Director of the Least Developed Countries Support and Co-ordination Unit) thanked members of the Council for their support and the representative of UNCTAD for confirming that UNCTAD and UNDP were co-operating closely in the preparations for the Conference. He reassured the Council that UNDP intended to play an active and not merely a funding role in the preparations for the Conference.

40. Concerning the questions put by the representatives of the United Kingdom and the Netherlands, the Administrator's report on the Conference had been forwarded to UNCTAD in January 1989. UNDP was taking part in the preparation of the economic memoranda to be submitted by each LDC through the involvement of Resident Representatives and local economists in the African countries. The UNDP Administration intended, however, that LDC Governments should play the major role in the preparation of those reports, rather than UNCTAD, UNDP or its consultants.

41. With regard to the follow-up meetings to round-table meetings, on which the representative of Switzerland had requested clarification, topics and approximate timetables were generally determined at periodic conferences held at Geneva. UNDP or a donor country was chosen to organize sectoral meetings in conjunction with the corresponding agency of the United Nations system.

42. With regard to the NatCAPs, UNDP had recently completed guidelines stressing the primary responsibility of the Governments of the African countries in which they were to be carried out. NatCAPs were now in progress in 10 countries and 8 more would be launched in 1989.

(Mr. Loup)

43. Pursuant to the General Assembly recommendation that all agencies and multilateral and intergovernmental organizations should take steps to ensure the adequate preparation of the Conference, UNDP felt that it was not appropriate for all the costs to be financed from the Special Measures Fund for the Least Developed Countries (SMF/LDC), since the Fund was essentially supported by four donors. Rather, contributions should be sought from other donors and the UNCTAD secretariat was holding consultations to that end. Moreover, as the representative of Bangladesh had rightly pointed out, the Fund had undergone a period of stagnation during the 1980s. It was to be hoped that, following the 1990 Conference and in response to the recommendations contained in a Substantial New Programme of Action for the 1990s, resources would increase.

44. The UNDP Administration had entrusted the task of evaluating round-table meetings to UNCTAD, in order to ensure impartiality. The terms of reference proposed for the evaluation had been sent to UNDP. It had been agreed that when the preliminary draft of the evaluation report was ready, a discussion would be held among UNDP, the UNCTAD secretariat and the World Bank.

45. In reply to the question by the representative of Finland concerning advisory assistance for the preparation of economic memoranda by LDCs, the participation of local UNDP offices and of local economists in the African countries who were also involved in preparations for the round-table meetings should help to ensure continuity between the documentation prepared for round-table and Consultative Group meetings and that prepared for the Conference.

46. Mr. BECKER (Federal Republic of Germany) said that he was not sure that his question had been answered. Did the report sent to UNCTAD contain more substantive data on the results of co-operation between UNDP and LDCs?

47. Mr. LOUP (Director of the Least Developed Countries Support and Co-ordination Unit) said that the Administrator's report to UNCTAD, which would be circulated during the preparatory meeting to be held in May 1989, did not focus specifically on the results of past co-operation but rather on what UNDP proposed to do during the 1990s and following the Conference.

48. Mr. RHONER (Switzerland) said that he would like to hear the UNDP administration's views on the possibility of preparing a special report for the Council on the utilization of funds from the SMF/LDC.

49. Mr. OULD CHEIKH EL GAOUTHE (Observer for Mauritania) said that it would be appropriate to draft a Council decision taking into account the statements made by the Director of the LDC Support and Co-ordination Unit; committing the UNDP secretariat, in co-operation with UNCTAD, to full implementation of the General Assembly recommendation that extrabudgetary funds should be sought to cover the costs of LDC participation in the Conference; and, in line with a suggestion made by the representative of Switzerland, inviting the donor countries concerned to contribute generously.

50. Mr. PETTITT (United Kingdom) cautioned that any draft decision should avoid inadvertently giving authority to the suggestions contained in paragraph 34 of document DP/1989/9, on which the Council would have to take a decision at a later stage.

AGENCY SUPPORT COSTS (DP/1989/6)

- (a) EXPERT GROUP ON THE STUDY OF ISSUES CONNECTED WITH AGENCY SUPPORT COSTS (DP/1989/6 and Add.1 and 2)
- (b) RESPONSE OF THE ADMINISTRATIVE COMMITTEE ON CO-ORDINATION TO GOVERNING COUNCIL DECISION 88/52 (DP/1989/7)

51. Mr. BROWN (Associate Administrator, UNDP), introducing documents DP/1989/6 and Add.1 and 2, said that document DP/1989/6 contained the Administrator's views on the terms of reference of the expert group as called for in Governing Council decision 88/50, while document DP/1989/6/Add.1 contained the views of the Consultative Committee on Substantive Questions (Operational Activities) (CCSQ (OPS)) Task Force on the Administrator's proposals. The latter document had been prepared by the executing agencies of UNDP in order to make sure that their views were adequately reflected. The UNDP administration, which had tried to accommodate the agencies' views in its document, felt that the differences between the two documents related to emphasis rather than substance and that they did not reflect opposing views.

52. Concerning the composition of the expert group, he drew attention to paragraph 15 of document DP/1989/6 which contained criteria for selecting individual experts. With those criteria in mind and after soliciting suggestions from all members of the Council, UNDP had been able to identify eight individuals whose names and curricula vitae had been circulated to Council members. Council members had then been invited to state their preferences.

53. Regarding the number of members, UNDP had initially considered recommending a group of two but had finally decided that a group of four was the minimum necessary in view of the amount of travel that would be required. The Administrator was now able to put forward the names of four individuals who he believed would have the full support and approval of the Council and each of whom had confirmed his willingness to serve as a member of the expert group. Those individuals were: Mr. Armstrong (Barbados), Mr. El-Naggar (Egypt), Mr. Ringnalda (Netherlands) and Mr. Beringer (Federal Republic of Germany).

54. Document DP/1989/7 summarized the action taken by the Administrative Committee on Co-ordination (ACC), through its subsidiary bodies, in response to Governing Council decision 88/52.

55. Mr. OGAWA (Japan) said that his delegation attached great importance to the success of the arrangements for agency support costs. Consideration of the item would provide an opportunity to review the existing tripartite system of operational activities and to make it more effective. Relations between UNDP, recipient countries and executing agencies should be thoroughly reviewed and methods of project execution should be looked at carefully in the light of the changing needs of developing countries and the types of assistance provided by UNDP. It was to be hoped that the relevant Governing Council decisions and General Assembly resolutions would be implemented fully.

56. His delegation agreed with the proposals put forward in document DP/1989/6. The scope of the work to be undertaken by the expert group was appropriate and he hoped that the group would work closely with the agencies concerned and report regularly on its progress to the Council. His delegation agreed with the Administration's proposal concerning the composition of the expert group.

57. Mr. HOPLAND (Norway), speaking on behalf of the Nordic countries, said that those countries regretted the absence of a single document expressing a joint position of UNDP and the executing agencies on the mandate for the expert group on support costs. The terms of reference for the group as outlined in document DP/1989/6 were acceptable. The background and guidelines for the study of support costs were reflected in Council decision 88/50 and in General Assembly resolutions 42/196 and 43/199, to which he drew attention. Those documents stressed the needs of developing countries, the effectiveness of the United Nations development system and the active involvement of UNDP, Governments and specialized agencies in the study. The study should review UNDP's past effectiveness and methods of operation, in order to improve future operations by profiting from past experience. The group's terms of reference could have been more specific in that respect, particularly with regard to the search for new compensation arrangements.

58. In the latter connection, a comprehensive approach and methodology were needed, giving priority to maximum effectiveness in achieving recipient countries' development objectives. The efficiency of the development system was just as important as financial arrangements. Sound management of the different organizations and proper co-ordination within the system were needed; the support costs arrangements were a vital mechanism in that connection. The study of successor arrangements should assess the role played by support costs in the operations of specialized and executing agencies. The need for an analysis of the operational and structural consequences of each alternative for the development system was equally important. Those tasks were clearly part of the terms of reference.

59. Drawing attention to the request in decision 88/50 for the active participation of all key actors in the system, he said that the expert group should be guided by all those who had an actual stake in the outcome of the study. The proposed task force provided a good support mechanism because it also included the agencies, which presumably would bring the issue of support costs to the attention of their respective governing bodies. The composition of the expert group as outlined by the Associate Administrator was acceptable.

(Mr. Hopland, Norway)

60. The timetable for the study was very tight and some flexibility was advisable in order to conduct the exercise properly. Existing arrangements could, if necessary, be extended for one more year.

61. Mr. SOUTTER (Canada) said that the decisions on successor arrangements would have an impact on the United Nations development system as a whole. The real issues went beyond the rate or volume of compensation. The broad approach reflected in decision 88/50 was appropriate because it stressed the importance of meeting the needs of the developing countries, whose growing desire and capacity to assume greater responsibility for project execution was a trend that helped internalize external assistance in national administrations. That trend deserved encouragement.

62. The terms of reference set forth in the Administrator's report (DP/1989/6) were adequate and he particularly welcomed the establishment of a Task Force as described in paragraph 16.

63. Mr. WIESEBACH (United Nations Industrial Development Organization) recalled that the Consultative Committee on Substantive Questions (Operational Activities) (CCSQ (OPS)) had established a Task Force to deal with the issues raised in decision 88/50. Since the Task Force had been unable to reach a consensus on the terms of reference for the expert group on support costs, it had asked the Administrator to present the views of the organizations of the United Nations system. Those views were contained in document DP/1989/6/Add.1, which showed that the agencies felt it necessary to stress consideration of how best to use the accumulated experience of the United Nations system for operational activities for development, a point that they felt had not been made strongly enough in document DP/1989/6.

64. Turning to document DP/1989/6 itself, the reference in paragraph 5 to agencies' dual role should not be misinterpreted. The agencies actually had one unified role, a fact that should also be taken into account in connection with paragraph 6, since the agencies actually used many of the sources of expertise mentioned in it. Turning to paragraphs 7 and 8, he stressed the importance of co-ordination for mitigating the possibly negative impact of a diversity of funding sources. The reference in paragraph 13 to the perception that the whole system was volume driven implied negative attitudes without considering how that perception was conditioned by existing or non-existent programming arrangements.

65. The expert group should take particular note of paragraphs 8 and 9 of document DP/1989/6/Add.1, to which he drew attention.

66. Lastly, he agreed with the views expressed by Norway on behalf of the Nordic countries concerning the timetable for the study.

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67. Mr. BABINGTON (Australia) said that he was pleased that the issue of successor arrangements to agency support costs was being given careful consideration within a broad context so as to ensure the cost-effectiveness of assistance and to maximize participation. The review should be demand driven rather than supply driven; and the role of UNDP and the executing agencies should be more clearly defined. The terms of reference for the expert group, which should be ensured maximum independence, were satisfactory but the experts should consider the views of CCSQ (OPS) and consult with all the relevant bodies. He agreed that the timetable for the study was too ambitious and thought that ad hoc consultations might be helpful.

68. Mr. LEENSTRA (Netherlands) welcomed the wider context in which it had been decided to examine the most appropriate successor arrangements to agency support costs, which meant that the expert group had a broad mandate and that its recommendations would provide important input into discussions on the future role of UNDP and the operational activities of the United Nations system as a whole.

69. The proposals contained in document DP/1989/6 were acceptable. His delegation welcomed the establishment of the CCSQ (OPS) Task Force, whose views in document DP/1989/6/Add.1 required some comment. In paragraph 2, the Task Force sounded somewhat defensive in invoking the 1970 Consensus. While his delegation subscribed fully to the consensus, that did not imply a static situation. Indeed, Council decision 88/50 itself spoke of an evolving relationship between UNDP, Governments and executing agencies. The Task Force's views on the accountability of United Nations agencies within the tripartite system also appeared defensive.

70. Increased Government execution was not a threat to the agencies, which would still have a crucial role to play in United Nations operational activities. To avoid confusion concerning respective roles and functions, there must be consensus of views between the governing bodies of funding agencies and of specialized agencies. His country always took a consistent approach with regard to improving the effectiveness of the system in dealing with operational activities.

71. The expert group had to meet a very tight timetable and could produce useful recommendations and feasible options only with the full co-operation of all parties concerned.

72. Mr. CRUSE (France) said that, for budgetary reasons, his delegation would have preferred a two-member expert group but could accept its expansion to four. The specialized agencies and recipient countries should be involved in the study. His delegation agreed with the Nordic countries that the expert group should be given enough time to perform its task effectively. However, an interim report should be submitted to the Governing Council within six months, to be followed by an information meeting organized by the Administrator to enable the experts to have the reactions of the Member States at that stage.

73. Mr. VARDACHARY (India) referred to two cases in India of agency-executed projects in which very costly equipment had been damaged, causing considerable delays and loss of momentum and morale. It had not been clear who was to blame, but the Resident Representative and his staff had been helpful and co-operative. The experts' review should include the question of agency accountability to Governments. The question of agency involvement in Government-executed projects required clarification. Government-executed projects should be encouraged because they cost less, allowed learning through doing and increased involvement and responsibility. He also endorsed the view that agency-executed projects should be demand driven rather supply driven.

74. Mrs. BERTRAND (Austria) said that successor arrangements to agency support costs should be designed to improve delivery capacity. She stressed the importance of enhancing the effectiveness of the United Nations in the development field and urged frank and co-operative dialogue and consultations in order better to take account of the evolving relationship between partners in the development process. The expert study should result in new financial and support cost arrangements that would guide the future of the entire development co-operation system and make it more effective. Given the difficult and substantive mandate for the study, its timetable should be approached with flexibility, with the option of extending its deadline if necessary.

75. Mr. PETRONE (Italy) said that he endorsed the terms of reference proposed by the Administrator for the expert group and regretted the absence of a consensus on them between the agencies and UNDP. The expert group must be completely independent of UNDP. The agencies would have an opportunity to make their views known and they should go beyond the news stated in document DP/1989/6/Add.1, which did no more than argue in favour of the status quo. The report of the expert group should reflect only the views of the experts themselves and should state the options available to the Governing Council, and their implications. It could also provide brief recommendations. He questioned the need for flexibility in respect to the timetable for the study. An informed group of experts should be able to produce a report within nine months. He agreed with the representative of France that a progress report should be available by June.

76. Mr. PETTITT (United Kingdom) said that he agreed with the terms of reference of the expert group and the choice of its members, as well as the need for a four-member team. He hoped that the group would have access to the useful work relevant to the study that was being done by the agencies. The agencies must have an input at an early stage and be able to contribute to the latest thinking on the relevant issues. He hoped that the Council's decision in 1990 would be definitive and not simply mark the beginning of a new round of negotiations.

77. Mr. SAHLMANN (Federal Republic of Germany) said that successor arrangements to agency support costs were important because they affected the quality not only of project implementation but also of the sectoral advice and support given to developing countries by the system as a whole. The coherence of the United Nations system of operational activities should also be strengthened and co-ordination at the field level improved.

(Mr. Sahlmann, Federal  
Republic of Germany)

78. He endorsed the terms of reference for the expert group but would also like them to include consideration of the possibility of the introduction of a single cost calculation system by all organizations of the United Nations system of operational activities, in order to obtain a better picture of actual costs. He welcomed the active involvement of recipient and donor countries and executing agencies in preparing the study. He also would welcome various options for the successor arrangements.

79. Mr. MAXWELL (United States of America) said that it was important for the study to be broad-ranging since it was closely linked to the wider issue of co-ordination and division of labour between UNDP and the technical agencies. His delegation endorsed the criteria and terms of reference proposed by the Administrator, and the choice of experts, and agreed that the experts should pay attention to the pertinent comments of the technical agencies as represented by the CCSQ (OPS) Task Force. The experts should also stay in touch with those who were to carry out the forthcoming study on central funding.

80. The experts' study should explore compensatory arrangements that encouraged technical agencies to participate effectively on a sustained basis in all aspects of the programming and implementation of technical co-operation and to make optimum use of complementarities between their analytical and advisory functions and their technical co-operation activities. The views of the governing bodies of specialized agencies on those matters were also of critical importance.

81. Mr. JASINSKI (Poland), noting that the study would coincide with the mid-term review of the fourth cycle, observed that the timing could benefit both. The experts might therefore try to schedule their visits to capitals at a time when various reviews of regional, interregional and global programmes were under way, so that they could learn at first hand the current thinking on a variety of UNDP and agency activities and methods of execution, in a real environment of tripartite partnership. The involvement of the regional commissions as well would give a demand-driven perspective to the whole exercise.

82. Mr. BROWN (Associate Administrator, UNDP), responding to the various points raised, observed that the differences between UNDP's position and that of the agencies had been well-expressed by Italy and the Netherlands: when either side examined the best way of delivering technical assistance, neither could conceive that its services might be expendable. The UNDP Administration saw the expert group as an impartial tribunal distinct from UNDP. The experts would therefore not be housed in a UNDP building nor use its staff, and UNDP would, like the agencies, present papers to them. The expert group would establish its own work programme, visiting capitals and agencies, inspecting some actual projects and comparing them to the projects of other agencies such as UNICEF and UNFPA or to those of some bilateral donors.



(Mr. Brown, UNDP)

83. The expert group could complete its work by October 1989, but the subsequent discussion in intergovernmental bodies would cause a delay as the governing bodies of executing agencies would want a say. The hope was that a final decision would be taken in June 1990 and would be ready for implementation by the beginning of the fifth cycle on 1 January 1992. That much time was required because of the radical changes to be made in accounting and procedures.

84. Contacts with the governing bodies of executing agencies would be established by the experts who, when visiting capitals, would get in touch with individual members of the agencies and at the same time see other representatives dealing with non-UNDP matters within Governments. That would require co-ordination among Governments regarding the various intergovernmental bodies.

85. The UNDP Administration was concerned over what appeared to be a gradual widening of the expert group's terms of reference. For instance, the wording of paragraph 14 of General Assembly resolution 43/199, which invited the Governing Council to take into consideration the new arrangements for improving action "by the relevant organizations of the United Nations system", was disturbing because it did not specify that the Council's responsibility was limited to such action in so far as it related to UNDP projects. Other issues that went beyond the province of UNDP were the inter-agency cost-measurement studies and the uniformity of accounting standards called for by the Federal Republic of Germany.

86. The review of past experience that Norway hoped to find in the study would obviously be included. Agencies and UNDP bureaux had been invited to gather as much information as possible on that score, and thereafter they would be able to order further expert studies to be done on an ad hoc basis, from the consultancy appropriation.

87. It had rightly been noted that there was a connection between the study to be done by the expert group and the study on the future role of the UNDP. The former ought to be completed before the latter was begun since its results should provide an input. As to the interim report to the Council, it seemed too early to schedule it for June 1989 and February 1990 had therefore been suggested as a target date, at which point the Council could decide on the subsequent work programme.

88. The Administration would convey to the expert group the question raised by India regarding agency accountability to Governments and the rights that Governments had over agency-executed projects in their countries. That was certainly an issue that fell within the scope of the study. Regarding the relationship between agencies and Government-executed projects, a well-structured if not always well-functioning arrangement existed whereby agencies were asked to be associated with particular aspects of projects being executed by Governments. The expert group would scrutinize that arrangement and recommend whether it should be continued or modified. He would also pass on to the expert group the request that it identify the options available and assess the advantages and disadvantages of alternative courses of action.

(Mr. Brown, UNDP)

89. Any Government which had written information that might be of use to the expert group should feel free to provide it, just as UNIDO and FAO, for instance, had furnished studies to the group.

90. Mr. LEENSTRA (Netherlands) agreed that, if taken literally, paragraph 14 of General Assembly resolution 43/199 would be impracticable. As one delegation involved in the original drafting of that resolution, however, the Netherlands believed that paragraph 14 should be interpreted narrowly as relating only to UNDP activities and that there was no cause for concern.

91. Mr. BECKER (Federal Republic of Germany) observed that there was no question that the United Nations cost accounting system involved the other agencies as well. However, there was now a unique opportunity to have the expert group look into the matter and to seek Government co-ordination to improve the situation.

92. Mr. BROWN (Associate Administrator, UNDP) agreed that the expert group could at least identify the cost accounting system as a problem and perhaps commission a special study on it.

93. If the Governing Council could take the Netherlands explanation regarding General Assembly resolution 43/199, paragraph 14, as official, he would convey that reassurance to the expert group.

94. The PRESIDENT read out the following draft decision on agency support costs:

"The Governing Council,

"Taking note of the Administrator's proposals on the composition of the expert group, as made orally by the Associate Administrator, and of the views expressed by delegations,

"1. Approves the terms of reference for the expert group as contained in document DP/1989/6;

"2. Endorses the Administrator's proposal that the group shall consist of the four experts named by the Associate Administrator in his introductory statement."

95. The draft decision read out by the President was adopted.

#### UNITED NATIONS POPULATION FUND

#### Status of remodelling of UNFPA premises (DP/1989/65 and 69)

96. Mr. KUNUGI (Deputy Executive Director of the United Nations Population Fund), introducing the report by the Executive Director on the status of remodelling of UNFPA premises (DP/1989/65), recalled that the Governing Council, in paragraph 14 of its decision 88/36, had included an additional appropriation of \$800,000 in the

(Mr. Kunugi, UNFPA)

UNFPA administrative and programme support services budget for the biennium 1988-1989 for the renovation of the headquarters office of the Fund. Total outlay for that activity was not to exceed \$1 million, with the difference between the two amounts to be derived from savings in the budget. In her report, the Executive Director sought authorization to spend \$1.9 million instead of \$1 million, on the renovation. The additional \$900,000 would be found through savings realized under other sections of the budget, largely through delays in recruitment. UNFPA was not, however, seeking an increase in the total budget appropriation itself.

97. The allocation of additional resources for the renovation was necessary for two reasons. First, contrary to prior assurances from the architect, UNFPA's offices would have to be vacated to be renovated. Consequently, temporary office space would have to be rented, and that cost had not been covered in the Fund's original proposal to the Council in 1988. Furthermore, additional space would have to be rented on an ongoing basis to increase the working space for General Service staff, as the space currently available was cramped and inadequate. That expenditure was clearly consistent with the objective of the renovation, which was to improve the working conditions of the General Service staff.

98. Paragraph 10 of the Executive Director's report provided a detailed account of the way in which the funds for renovation would be used, as well as of the sources of those funds. Normally, the request to use budgetary savings would be addressed only to ACABQ for its approval; however, as the Council had set the \$1 million cap in June 1988, the request to raise it must also be addressed to the Council. It should be noted that approval of that request would continue to affect the amount of rent paid by UNFPA in future years, which was another reason why the Council's approval was required.

99. The matter of additional office space must be dealt with urgently: in the course of rental negotiations, the landlord had made it clear to UNFPA that demand for the space desired by the Fund was high. In fact, the floor of the Daily News building which the Fund would have preferred had already been rented to another tenant. In addition, space was urgently required for the temporary relocation of staff during the renovation; the lack of such space had currently brought the renovation to a standstill.

100. UNFPA was concerned with using its resources efficiently, properly and economically. It also believed that providing Fund staff with adequate working conditions was in the interest of the organization, because it enhanced staff performance. Thus, the Executive Director's request had not been made lightly, and it should be noted that ACABQ, in its report (DP/1989/69), did not object to that request.

101. Mr. VOICU (Romania) and Mr. VARDACHARY (India) said that they supported the request in section IV of the Executive Director's report that an additional outlay of \$900,000 should be authorized for remodelling.

102. Mr. BECKER (Federal Republic of Germany) expressed surprise that ACABQ had not been able to take a position on the remodelling issue. Initial planning errors needed correction since UNFPA working conditions were poor, and the Executive Director's report on the matter was convincing. His delegation believed that the Governing Council should authorize the additional outlay.

103. Mr. OGAWA (Japan) said that his delegation shared ACABQ doubts regarding the future and recurrent financial implications of the completely new remodelling proposal now before the Governing Council. Unfortunately, a decision could not be deferred, so Japan would not stand in the way of a consensus approving the proposal. It none the less deeply regretted the manner in which the issue had been handled by the Administration.

104. Mr. PRODJOWARSITO (Observer for Indonesia) asked the Deputy Executive Director of UNFPA to provide further clarification regarding the change in the use of the UNFPA appropriation. He wished to know how that change would be reflected in the Fund's report on its revised budget for the biennium 1988-1989, in view of Regulation 11.5 of the UNFPA Financial Regulations. His delegation agreed with the views expressed by ACABQ in paragraphs 5 and 8 of its report (DP/1989/69) and the recommendation contained in paragraph 9.

105. Mr. HOPLAND (Norway), speaking on behalf of the Nordic countries, expressed dissatisfaction with the fact that a Council decision had to be substantially revised only six months later, and that the relevant ACABQ report had been made available only that very day. The Nordic countries associated themselves with the comments on the situation made in document DP/1989/69. Although such requests ought not to be considered in the context of a special session, the circumstances demanded it. The Nordic countries would support the additional outlay, but only subject to the conditions recommended in paragraph 9 of the ACABQ report.

106. They would also like clarification on the future space needs of UNFPA: a study on the matter would apparently be submitted to the Governing Council in June and they wondered how that would affect the space needs described in document DP/1989/65. It should also be noted that the savings in question were derived from delays in personnel recruitment; for the sake of UNFPA programmes, however, such staff should have been hired on time.

107. Mr. SOUTTER (Canada) said that UNFPA should be well housed and felt that the additional outlay was a relatively routine matter which his delegation would approve. However, it wondered whether there would be any demand in future for the \$900,000 currently resulting from recruitment delays and, if so, where the money would come from.

108. Mr. LEENSTRA (Netherlands), noting the proposed utilization of savings from delayed recruitment, urged that recruitment for Africa be speeded up as a matter of priority. Although the issue had been badly handled by UNFPA, his delegation could support the Executive Director's request. It wondered, however, whether the changed space requirements per employee which applied to the other floors would now affect the 19th floor.

109. Mr. BABINGTON (Australia) asked why UNFPA recruitment had been slow and urged that it be speeded up. Given the poor working conditions of UNFPA staff, however, Australia supported the Executive Director's request.

110. Mr. KABIR (Observer for Bangladesh) supported the measure to improve UNFPA working conditions, but hoped that it would be the last such request.

111. Mr. PETTITT (United Kingdom) said his delegation had first-hand knowledge of the working conditions in UNFPA, which fell far short of accepted norms and placed a constraint on efficient programme delivery. However, his delegation also wanted to ensure that problems relating to renovation of the Fund's offices were solved as effectively as possible. ACABQ had drawn attention to gaps in the information provided by UNFPA, and his delegation believed that more details were necessary. He assumed that the additional resources requested were intended to rectify planning errors rather than to change policy, an assumption whose confirmation he would welcome. A statement of the short- and medium-term implications of the additional costs, which should be fully reflected in the revised budget for both the current biennium and the one following, should also be provided.

112. He noted that costs were to be covered primarily from savings occasioned by delayed recruitment of staff at headquarters and in the field. While supporting the Executive Director's request, however, he wished to recall that the main thrust of UNFPA activities should be the delivery of assistance in the field.

113. Mr. ARIYARATNE (Observer for Sri Lanka) said that his delegation supported the additional outlay of funds, on condition that UNFPA complied with the terms specified by ACABQ in paragraph 9 of its report.

The meeting rose at 6.40 p.m.

