



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/1990/19
12 April 1990

ORIGINAL: ENGLISH

Thirty-seventh session
28 May-22 June 1990, Geneva
Item 4 (b) (ii) of the provisional
agenda

POLICY

PROGRAMME IMPLEMENTATION

IMPLEMENTATION OF DECISIONS ADOPTED BY THE GOVERNING COUNCIL
AT ITS PREVIOUS SESSIONS

Report of the President on the outcome of the informal
considerations foreseen by decision 89/20

Ad hoc group consultations on the role of the United Nations
Development Programme in the 1990s: first meeting, held on
12 February 1990

Note by the President of the Governing Council

I. BACKGROUND

1. By section IV, paragraph 2, of its decision 89/20 of 30 June 1989, the Governing Council established a consultation process in order to continue consideration of issues relating to the role of the United Nations Development Programme (UNDP) in the 1990s. The Bureau of the Governing Council reviewed how best to undertake these consultations and concluded that it was desirable to conduct them in a very flexible manner, permitting any delegation to raise questions informally on matters of special interest to it. On the suggestion of some delegations, it was proposed that the first consultation should focus on section II of Council decision 89/20, relating to funding strategy for UNDP. In order to structure the discussion of the item, it was agreed to concentrate on that particular aspect of decision 89/20 without losing sight of its interrelationship with other subjects covered by the decision. It was also agreed that, if the deliberations on decision 89/20 were not concluded at the first consultation, appropriate arrangements for further consultations of the ad hoc group would have to be foreseen.

2. A number of delegations participated in the informal discussions, at which a number of important questions were raised. The informal consultations were considered to be a useful exercise, permitting delegations to exchange views on important matters affecting the future funding of UNDP. It was agreed to hold further informal consultations on the subject.

3. The Administrator and Associate Administrator participated in the discussions. They provided factual information and clarifications on a number of questions raised.

II. GENERAL RESOURCE LEVELS

4. A number of delegations from developing countries referred to the funding goal for UNDP proposed by the Administrator, reflected in section II of decision 89/20 (preamble and para. 3). The view was expressed that the Administrator's call for a doubling of the core income for the fifth programming cycle was in keeping with the technical co-operation needs of developing countries. The argument received strong support from developing countries.

5. A number of delegations from donor countries referred to the need to be realistic about prospects for resources in the fifth cycle. They referred to the past experience of an average growth rate in core resources of about 6 per cent per annum as a realistic basis for future estimates. Some delegations indicated that, owing to a variety of current difficulties, future growth rates might be less than 6 per cent. Given that situation, they considered it prudent to look for alternative sources of funding, without losing sight of the fact that core financing should remain the central goal of a funding strategy. Reference was also made to the trend towards increased non-core resources, possibly reflecting a lack of confidence in the current indicative planning figure (IPF) system, which is based on the concept of universality, neutrality and flexibility, and at the same time establishes that the developing countries themselves assign priorities based on their own national plans.

6. Delegations from developing countries considered it essential that substantially increased resources should be made available, in accordance with General Assembly resolution 44/211 of 22 December 1989, and Governing Council decision 89/20, section II, bearing in mind the specific and growing needs of developing countries and that recent developments in international relations might have an impact on resources available for development. Reference was made to the need for predictable, sustainable and substantial increases in contributions to the funding of core resources.

7. In response to questions raised by developing countries, it was pointed out by donor delegations that the lack of substantial growth in UNDP resources did not mean a lack of support for multilateralism. Some donor delegations referred to the relatively high proportion of multilateral funding in relation to their country's official development assistance.

III. ISSUES RELATING TO CENTRAL FUNDING

8. Reference was made to the role of UNDP as a central funding organization for technical co-operation provided by the United Nations system, which was reaffirmed by General Assembly resolution 44/211. The central funding role is considered an important function of UNDP in order to promote co-ordination and responsiveness to national priorities through the country programming process. It was pointed out that the concept of central funding had not yet been realized in overall terms. A delegate suggested that data might reveal that the concept of central funding is being more fully realized at the regional and country levels as compared with the global level.

IV. ISSUES RELATING TO CORE AND NON-CORE FUNDING

9. It was agreed that the main objective of the funding strategy must be the continued growth of core funding. It was also agreed that additional funding alternatives should be pursued to complement core funding. It was pointed out that core funding was a central feature of UNDP, providing assistance for country programmes and for the field presence of UNDP. It was suggested by some delegations that core resources could be increasingly used as seed money to attract resources under cost-sharing or other arrangements. The issue was therefore not core versus non-core, but rather core funding supplemented by non-core resources. Those non-core resources should meet the test of "additionality".

10. A number of delegations referred to the need to programme non-core resources, in accordance with the programming process established for core resources. One delegation, supported by others, also suggested that it might be useful to consider establishing a ceiling for non-core resources in relation to core resources.

11. A number of delegations suggested that it might be desirable to explore the reasons for the slow growth of, and the limited prospects for, core resources. Some delegations suggested that a link might exist between the IPF system with its current programming mechanisms of UNDP and the lack of funding. Some delegations also suggested that many country programmes lacked a clear focus and profile and failed to convince donors.

V. ISSUES RELATING TO NON-CORE FUNDING

12. It was noted that non-core arrangements involved resources earmarked for bilateral projects, which were therefore not additional resources in the total resource flow to developing countries. In order to attract those resources, UNDP found itself in a competitive environment, in which the comparative advantages of UNDP would have to play a major role. Some donor delegations suggested that UNDP should seek those resources on the basis of its ability to deal with development themes, including capacity-building, co-ordination, refugees and development, environment and development. Donor delegations pointed out that prospective non-core financing was directly tied to technical competence and the intrinsic merits of projects.

13. Concern was expressed by some delegations of developing countries that non-core arrangements might lead to a distortion of national priorities unless there was an appropriate link of those arrangements with national programmes. In that connection, subparagraph (d) of the annex to decision 89/20 was recalled. Reference was made by developing country delegations to cost-sharing arrangements as an important source of additional resources.

VI. OTHER ISSUES

14. Reference was made to the difficulty for UNDP to project an image that would attract public support. The view was expressed that there was a need for more visible impact of technical co-operation support by UNDP.

15. The President suggested that one might wish to bear in mind that increased support to UNDP represented an investment in the future of developing countries and would not only benefit the recipient countries, but also donor countries. Thus, support to UNDP represented more than altruism and reflected "enlightened self-interest".

16. Some delegations also pointed out that areas of inefficiency might exist at UNDP which needed to be identified as a possible reason for the reduced levels of contribution.

17. Reference was also made to the thematic approach to funding UNDP.
