OPTIONS FOR THE LONGER-TERM FINANCING OF UNDP,
BEARING IN MIND THE NEED TO MOBILIZE INCREASED RESOURCES
ON AN INCREASINGLY PREDICTABLE, CONTINUOUS AND ASSURED BASIS

Options covering multiyear pledging
and replenishment modalities

Report of the Administrator

Summary

Following the analysis of experience under the modality of voluntary annual pledging given in DP/1983/ICW/3 and Add.1, this paper deals with other options for the longer-term financing of UNDP on an increasingly predictable, continuous and assured basis. Characteristics of multiyear pledging are outlined first, followed by a discussion of the replenishment modality including the experience of certain other funds adhering to this modality for their financing. A possible replenishment modality is outlined in terms of its various aspects such as determination of the global amount to be financed, negotiating machinery, burden sharing, organization of the negotiations and actions following thereon, nature of instruments of commitment, legal arrangements in contributing countries, payment arrangements, currencies of payment, the UNDP’s IPF structure and time-table for the introduction of such a modality. This paper is supplemented by two addenda, one covering the feasibility of using the SDR as a unit of obligation of pledges and shares, and the other dealing with the issue of potential interest earnings if all contributions were paid to UNDP on 1 January of the year of account.
1. Documents DP/1983/ICW/3 and DP/1983/ICW/3/Add.1 review the experience to date of UNDP and other comparable organizations with voluntary annual pledging. The present paper presents options for UNDP's financing which might result in increased resources being available to the Programme on a more assured and predictable basis, thereby avoiding the disruptions in programming which have characterized the experience of the past decade. The options cover two broad types of funding modality, both of which would be on a multiyear basis. The first modality discussed is voluntary multiyear pledging; the second modality is that of replenishment. This latter modality would also be voluntary in that each Government would be at liberty to decide whether or not it wished to take part in replenishment negotiations.

2. Two addenda to this paper are also submitted in response to specific requests to the Administrator, by participants at the first session of the ICW, to look into new ways of handling contributions to UNDP. The first addendum (DP/1983/ICW/4/Add.1) discusses the feasibility of using the Special Drawing Right (SDR) as a unit of obligation for the purpose of pledging to UNDP, thereby providing a possible safeguard against the erosion in the value of pledges between the time of pledging and the time of payment. The second addendum (DP/1983/ICW/4/Add.2) illustrates, using 1982 as an example, the impact on contributions of interest which might have been earned by UNDP if all contributions had been received on 1 January 1982. It then shows the total contributions for 1982 which would have been made by various countries if the estimated earned interest had been apportioned to each of these donors and added to their initial contributions.

I. VOLUNTARY MULTIYEAR PLEDGING

3. A number of donor countries have, with varying degrees of formality, undertaken multiyear planning and programming of a growing proportion of their development assistance resources. In some instances, fairly formal and publicly announced programmes are undertaken, while, elsewhere, only indicative plans for internal purposes are drawn up. Normally, communication of multiyear plans does not commit donor countries formally since their legislatures continue to have the final say in the context of annual appropriations.

4. The Administrator's note to the twenty-sixth session of the Governing Council (DP/377 (Part II)) presented several options for a system of multiyear pledging for UNDP. One option covered a three-year period of pledges on a rolling basis; i.e., each year Governments would announce their pledges for the next three years, subject to parliamentary approval. Another suggestion was for Governments to provide firm contributions for the first three years of the five-year UNDP cycle period, again subject to parliamentary approval. Then, at around the middle of the UNDP cycle, Governments would announce contributions for the fourth and fifth years. A third possibility would allow Governments to provide firm pledges for an initial year and indicate pledges for remaining years of the cycle, subject to parliamentary approval. These indicative figures would be supplemented eventually by firm pledges at each annual pledging conference.
Experience of other organizations funded through multiyear pledges

(a) World Food Programme (WFP)

5. WFP is supported through pledges covering periods of two years. Because of its greater similarity to annual pledging, the experience of WFP is presented in document DP/1983/ICW/3, which deals with that funding modality.

(b) Commonwealth Fund for Technical Co-operation (CFTC)

6. Another organization, which, however, is outside the United Nations system, but uses a multiyear pledging system, is the Commonwealth Fund for Technical Co-operation. The Fund, which was established in 1971 and has an annual programme of approximately $15-$20 million, adopted a multiyear pledging plan in 1981. Pledges are to be made on a three-year rolling basis. While it is still too early to determine the long-term impact of this method on providing an assured and predictable resource base, UNDP understands that, to date, the pledges and payments are being adhered to.

Programme planning

7. It is obvious that any system of multiyear pledging will facilitate programme planning to a greater extent than annual pledging. Thus, under three-year pledges, fairly firm annual programme and expenditure targets can be set in advance for the three years. In addition, if each year a further third year is added to the pledging, there will be adequate lead time to bring about smoothly any adjustments in programme levels, thus substantially reducing the risk of sudden cutbacks or other fluctuations in the programme. If three-year pledging is followed in the middle of the programme cycle by another pledge for the remaining two years, the assurance of smooth continuity will be somewhat less but the risks can be minimized by suitable adjustments in programming and project design.

8. Even a system of one-year firm pledges, followed by one or two years of indicative pledges on a rolling basis could provide some, perhaps not much, insulation from the risk of unforeseen and sudden programme cutbacks. There is an assumption here that it will be a rare and exceptional case where an indicative pledge is subsequently reduced.

Other advantages and disadvantages of multiyear pledging

9. If, in fact, multiyear pledges reflect an increase in future years, this modality would have an advantage in terms of size as well as predictability of resources. If, on the other hand, Governments simply pledge for two or three future years amounts equal to their pledges for the first year, the result might well be an overall lower level of pledges, unless Governments consistently increase the pledges when they are reaffirmed or formalized each year. The question also arises whether public disclosures of advance pledges may cause some donors to be less generous and flexible in their pledges.
Possible modality for UNDP

10. As mentioned in DP/1983/ICW/3, paragraph 11, the UNDP Financial Regulations already provide that voluntary contributions may be pledged either on an annual basis or for a number of years. At the present time, only four countries announce pledges for more than one year; among them only one has so far indicated increases after the first year. Pending the possible adoption of a replenishment modality, or even independently of that, consideration could be given to an arrangement whereby all countries, or at least the major contributors who provide 90 per cent of total contributions, would make firm pledges for one year, and at least indication pledges for two or more further years on a rolling basis.

II. FUNDING OF UNDP BY MEANS OF REPLENISHMENT

11. In DP/1982/15, details were given of the experience of various funds funded by replenishment arrangements. A comparison has been made between these funds and UNDP as regards predictability, continuity, assuredness and volume since 1971/72.

12. The funding periods of the different funds differ, ranging from three to five years. One method of measuring comparative growth is to determine the total cumulative agreed replenishment for the period from 1971 (or later, where the fund was established at a later date) to 1982/83, establish the base year contributions (obtained by prorating the replenishment amount the base period over the number of years in the base period), and ascertaining the annual compound rate of growth over the period which, when the yearly amounts obtained thereby are added together, equals the cumulative total. A similar calculation is made for UNDP using the amount actually contributed in 1972 as the base.

13. On the above basis, the compound annual rates of growth have been as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Percentage increase</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Development Association</td>
<td>19.3</td>
<td>(1971-1983)</td>
</tr>
<tr>
<td>Asian Development Fund</td>
<td>21.6</td>
<td>(1973-1983)</td>
</tr>
<tr>
<td>African Development Fund</td>
<td>9.0</td>
<td>(1972-1983)</td>
</tr>
<tr>
<td>International Fund for Agricultural Development</td>
<td>2.6</td>
<td>(1978-1982)</td>
</tr>
<tr>
<td>Inter-American Development Bank FSO</td>
<td>5.6</td>
<td>(1976-1982)</td>
</tr>
<tr>
<td>UNDP</td>
<td>12.0</td>
<td>(1972-1982)</td>
</tr>
</tbody>
</table>

14. Measured on the above basis, UNDP's performance is significantly less favourable than that of the three largest funds. Closer examination discloses also that much of UNDP's growth was obtained in the period up to 1979 and,
thereafter, flattened and subsequently became negative. If the comparison is confined to these later years, the results are the following:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Period</th>
<th>Annualized</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>(78-80)</td>
<td>2,563</td>
<td>4,000</td>
</tr>
<tr>
<td>(81-83)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AsDB</td>
<td>(76-78)</td>
<td>270</td>
<td>540</td>
</tr>
<tr>
<td>(79-82)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AsDB</td>
<td>(79-80)</td>
<td>540</td>
<td>801</td>
</tr>
<tr>
<td>(83-86)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AfDB*</td>
<td>(79-81)</td>
<td>221</td>
<td>363</td>
</tr>
<tr>
<td>(82-84)</td>
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<td>(78-80)</td>
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<td>367</td>
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<tr>
<td>(81-83)</td>
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<tr>
<td>IDB</td>
<td>(76-78)</td>
<td>348</td>
<td>437</td>
</tr>
<tr>
<td>(79-82)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EDF*</td>
<td>(76-80)</td>
<td>630</td>
<td>927</td>
</tr>
<tr>
<td>(81-85)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>UNDP</td>
<td>(78-80)</td>
<td>670</td>
<td>667</td>
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<tr>
<td>(81-83)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>UNDP</td>
<td>(79-81)</td>
<td>695</td>
<td>667</td>
</tr>
</tbody>
</table>

*Amount expressed in units of account valued at between $1.00 and $1.29.

15. These comparisons show UNDP far behind the majority of the funds and, for the later period 1981-1983, show no growth. When the high inflation rates experienced from 1979 to 1981 are taken into account, UNDP's position is seen to have been much worse than the funds having replenishment arrangements. If the experience of 1981 to 1983 in UNDP funding is extended to the rest of the third cycle, that is to 1986, UNDP would have dropped even further behind these funds. There is no case in which a subsequent replenishment has been less than a previous one in respect of replenished funds and it is reasonable to assume that this will continue. Such has not been the case with UNDP.

16. The comparison with the European Development Fund (EDF) is important for UNDP. The fund has 60 countries as beneficiaries, compared with UNDP's beneficiary total of over 150 countries. The EDF beneficiaries do not include the largest and most heavily populated countries. The funding for EDF for the five-year period 1981-1985 will be 47 per cent higher than for the five-year period 1976-1980. On the basis of present trends, UNDP's total resources for the cycle 1982-1986 (assuming a 7.5 per cent per annum growth for 1984-1986) would be $3,644 million compared to actual receipts of $3,209 million for 1977-1981. If the trend in 1981, 1982 and 1983 continues, i.e., no increase year over year, then the total for 1982-1986 would be $3,330 million. This is a percentage increase for UNDP of 14 and 4 per cent, respectively, for 1982-1986 over the period 1977-1981, compared with the 47 per cent for EDF mentioned above.

Continuity

17. The record of replenishment arrangements is that in no case has there been any question of the continuity of these funds. Whilst there is hard bargaining over the totals and shares of contributors, the principle of replenishment at the end of each replenishment period has never been questioned.
Predictability

18. As indicated in the subsequent description of replenishment arrangements, all parties— the beneficiaries, donors and the management of the funds— are aware of the amounts which will be available for the three to five years periods covered by the replenishment. Predictability is only in question when the negotiations are not completed in sufficient time before the end of the current replenishment period.

Assuredness

19. Donors not making qualified contributions (the majority) accept an obligation to contribute to a fund once an instrument of contribution or commitment is deposited and the minimum number and amount of commitments required to bring the replenishment into force is deposited.

III. OUTLINE OF A POSSIBLE REPLENISHMENT MODALITY FOR UNDP

20. Information has been received from the following financing institutions operating replenishment arrangements: the International Development Association, the Asian Development Bank, and the Inter-American Development Bank. The procedures and mechanisms in use in these three organizations are not very different and the possible modality described below for a replenishment exercise applicable to UNDP is largely based on these precedents, adapted were necessary to the particular circumstances of UNDP.

Determination of the global amount required

21. In each case, an initial amount is provided to the institutions for concessional funding and divided amongst contributors on a basis roughly proportionate to their subscriptions to the share capital of the respective development banks. In determining the amount of replenishments after the initial contributions, the management of the institutions makes calculations of the needs of the developing countries, taking into account the assistance which is likely to be available from other financial sources and having regard to the absorptive capacity of the borrowing members. The relationship between the figures derived from these calculations and overall aid flows, particularly the multilateral portion, is also considered. Information is also provided on the economic prospects of both contributors and borrowers. Estimates are also made of the likely disbursement pattern. Information on these matters is put together by the management of the Banks for the executive boards. This information and suggested target levels are then sent to the negotiating groups established to negotiate the replenishment: using the above information and taking into account inflation prospects, desires of contributors to reduce or increase shares, votes and influence, and other political factors, an overall total for the replenishment period is agreed on.
22. In the area of technical assistance, UNDP's management would provide the Governing Council with information similar to that mentioned above. It would also provide information on previous contribution levels to the Governing Council and to the negotiating groups mentioned below. The Council, using this information, would discuss possible target levels for resource requirements. However, it would not be expected to set one target level as it now does. Instead, a summary of the Council's discussion would be made available to the negotiating groups mentioned below.

23. Replenishment periods have varied between three to four years and, because of the particular circumstances of technical assistance, it would seem that the present five-year funding period would not be out of line if it were maintained under a replenishment system for UNDP. However, UNDP's operations could be adjusted to shorter replenishment periods. This may be particularly necessary if, in view of the long lead-time mentioned below, Governments found it difficult to make a commitment for five years. In any event, the amounts negotiated to cover periods so far ahead would need to take into account assumptions about inflation and real growth.

Negotiating machinery

24. In each case examined, negotiations for replenishments take place outside of the executive boards or governing bodies, either through deputies to the governors or specially appointed representatives of prospective contributors. The negotiations are, therefore, between representatives of those countries which will be contributing to the replenishment and not among all members of the institutions or organizations.

Possible modality for UNDP

25. To apply this concept to UNDP would require a fundamental change in existing UNDP procedures in the Governing Council. However, it is quite clear that unless similar machinery or arrangements are made in UNDP for non-recipient contributors, the negotiations required for replenishment could not be successfully undertaken.

26. It should be noted, however, that a major difference between UNDP and the Development Banks is that virtually all recipients of UNDP assistance are, in varying measures, also contributors to UNDP. This is not the position in the Banks in the case of replenishment of their concessional funds or affiliates. Borrowers from the non-concessional funds are not also contributors to these funds. It would be most important to maintain this very vital characteristic of UNDP in which virtually all recipients are also contributors and, therefore, under a replenishment scheme for UNDP, resource requirements might be divided into two parts:

(i) Recipient countries would continue to contribute as at present under the different modalities now in force on the basis of voluntary
annual pledges. Since there would be no negotiated burden sharing formula applicable to recipient countries, a target percentage increase would be set by recipient countries for themselves, using as a base the contributions in the previous period and taking into account the information provided by the Administrator and the discussion in the Council on target levels mentioned in paragraph 21 above. Such contributions to UNDP would be regarded as additional contributions to the donor negotiated total mentioned below and would be set after the process described under (ii) below had been completed. In the case of replenishment schemes for the Banks, there is precedent for this as there is provision for the fund or affiliate to accept additional contributions above the negotiated total;

(ii) The non-recipient major contributors would negotiate amongst themselves the total resources which they would undertake to contribute for the agreed period, taking into account the information provided by the Administrator mentioned in paragraph 21 above and the discussion of the Council on target levels of total resource requirements. Because of the lead time required for the planning of the use of UNDP's resources, negotiations would need to commence early in the present cycle as detailed below.

27. The arrangements described in (i) above, by agreement of the Council, could be made to apply also to other non-recipient donors who might prefer not to join in a replenishment negotiation.

28. In all cases mentioned subsequently, where reference is made to non-recipients, this should be understood as referring to those non-recipients participating in the replenishment negotiations.

Burden sharing

29. In arriving at the total replenishment, burden sharing, inevitably, is considered. Both the total and country shares react on one another in the negotiations. In the case of the Banks, there are factors such as voting rights, and effect of contributions for concessional lending on the donor country's position and influence in related institutions. These latter considerations would not be present in UNDP replenishment negotiations.

30. As previously indicated, in all cases, burden sharing in the initial funding of the concessional affiliate or funds was roughly proportionate to share capital contributions to the Banks. With each successive replenishment, these relationships have changed as a result of the factors mentioned in paragraph 21.
Possible modality for UNDP

31. For UNDP, where share capital and notes are not relevant, the following could apply:

(i) The average yearly contributions for the five years 1979-1983 and the average distribution amongst non-recipient donors during that period would be regarded as the core or minimum contribution by each of the countries concerned. Negotiations would then take place regarding the sharing of the difference between the core contributions by non-recipient donors over the five year period and the total of the agreed replenishment to be provided by the non-recipient countries. For example, if the core contribution was $600 million on an annual basis ($3 billion for the five year period) and the agreed replenishment to be contributed by non-recipients was $4.5 billion, the negotiations on burden sharing would be in respect of the difference between $4.5 billion and $3 billion;

(ii) The experience in the Banks is that no set formula can be agreed on as applicable to all replenishments. However, the various formulae which are under discussion by the ICW Bureau for dividing the short-term supplemental contributions do provide some basis on which negotiations could take place.

Organization of the negotiation

32. The organization of the negotiating sessions has varied somewhat between the institutions. In one case, an independent chairman was appointed. In other cases, a person holding a position in the Bank, either already on the staff or specially appointed to the Bank is designated to lead the negotiations.

Possible modality for UNDP

33. Either arrangement would be feasible, a modified proposal being that the Administrator would be officially designated to lead the negotiations. However, particularly as the bilateral consultations which would have to be undertaken and the amount of preparatory work required prior to each negotiation would be considerable, the Administrator would be authorized to appoint a senior advisor, within or outside of UNDP, who would assist him full time. As in the case of financing institutions, negotiating sessions would be held in various venues.

Actions following negotiations

34. In the financing institutions, the results of the replenishment negotiations, in the form of a report on the negotiations and a draft resolution setting out in detail all the terms and conditions agreed, are submitted to the executive board and then to the board of governors for...
adoption. There is normally no re-opening in these forums of the understanding reached in the negotiations on the totals and their distribution. To the extent, however, that any informal understandings were reached about matters of loan policy, the executive board would consider these in the normal way. The resolution usually indicates what action is necessary to bring the replenishment agreement into effect. Usually, it is provided that a minimum number of countries must first approve the draft resolution and that instruments of contributions or commitments be deposited representing some minimum amount, usually not less than 50 per cent of the total replenishment by a particular date.

Possible modality for UNDP

35. For UNDP, the following could apply: The Governing Council would adopt a resolution setting out the terms and conditions of the replenishment, based on the agreement reached in the negotiations. Donor countries would then deposit instruments of contributions and the replenishment would be deemed to be in effect when instruments representing 50 per cent of the contributions were received.

Qualified and unqualified instruments

36. A qualified instrument is one which states that payment of all installments of contributions, except the first, is subject to subsequent budgetary appropriation. The instrument, however, also provides for an undertaking by the Government that it will seek the necessary appropriations each year. An unqualified instrument is an unconditional undertaking to provide the full amount of the replenishment in the agreed installments subject to any agreed proviso, such as a requirement for pro-rata contribution, that is, if one or more members fail to pay the appropriate installment or pay less than the appropriate installment, all the members, notwithstanding an unqualified instrument, are entitled to reduce their contributions pro-rata.

Possible modality for UNDP

37. For UNDP, instruments could be qualified or unqualified, bearing in mind that at least one large donor cannot or has not agreed to unqualified instruments in other institutions, but provided also that qualified instruments would be accepted, subject to the undertakings being given that the necessary appropriations would be sought each year from Parliament.

38. It is clear that if all donors were to give qualified instruments such a system would amount to the existing one of annual pledges. However, there would be the important fact that the amount expected of each donor would be known and also the donor would have accepted the obligation of seeking the required funds from Parliament. On the other hand, failure to live up to its obligation by one or more countries could trigger corresponding actions by others. The knowledge of such consequences, however, could assist in influencing each country to honour its obligations.
Legal arrangements in contributing countries

39. All countries participating in replenishment schemes have found a legal means for agreeing to a three-, four- or five-year commitment, as the case may be, using qualified or unqualified instruments. Information has been supplied by some countries on the actual legal steps taken to obtain authority for making these commitments. In some cases, a bill is presented to Parliament, providing for authority to the minister to notify the Bank of the country's agreement to contribute its proportionate share to the fund or affiliate for the entire period of the replenishment. The law authorizes payment of the required amounts from the consolidated fund on the basis of the agreed installments and provides for the issue of notes and their encashment. In other cases, the agreement is endorsed by a resolution of Parliament, without the enactment of a law. In each case, there is an annual budget appropriation for the amount required for that year. Unless action was taken, however, to amend the law or Parliamentary resolutions approving the full contribution for the period, such annual appropriation would be approved automatically by Parliament. In one or two cases, there is an authorization law authorizing payment of the full amount but subject to provisions being made in an annual appropriation law for the amounts the country intends to pay each year.

Possible modality for UNDP

40. Countries could follow for UNDP whatever procedure has been used in the case of other replenishments.

Payment arrangements

41. Provision is made in the replenishment resolution for the payment of the contribution in installments at specific dates. Payment is defined as payment in cash or the deposit of promissory notes. Promissory notes of each country are then cashed pro-rata in proportion to their contributions on the basis of disbursement requirements which are agreed between the bank and the contributing Governments from time to time. Actual cash payments, therefore, may be spread over a period much longer than the replenishment period.

Possible modality for UNDP

42. Because of the smaller amounts involved, and the much faster disbursement rates (disbursements are mostly completed within the cycle), payments might be made in cash on the basis of a disbursement formula of 16 per cent in year one, 18 per cent in year two, 20 per cent in year three, 22 per cent in year four, and 24 per cent in year five. Each yearly amount would be paid in three installments by end January, April and August.

Currency arrangement

43. Initially, there were maintenance of value provisions in the financing institutions, i.e., commitments were made in US dollars and an equivalent
amount of national currency would have to be found to meet the dollar liability, whatever the rate of exchange might be. Maintenance of value no longer applies to any replenishment arrangements. The total replenishment and respective country shares are established in US dollars. Each country then indicates whether its unit of obligation will be in US dollars, SDRs, or national currency. The US dollar shares are then converted into these units at the rates of exchange applicable at an agreed date. The equivalent in national currency or SDRs represents the amount of funds the country agrees to provide. If it accepts the US dollar as the unit of obligation, there is no exchange risk to the Bank. If national currency or SDRs are accepted, there can be a variation as exchange rates alter. At least one country now accepts the SDR as the unit of obligation and, in certain cases, where a donor country's currency is subject to wide currency fluctuations, these countries have agreed to use the US dollar as the unit of obligation. All currencies must be freely convertible or, in the case of developing country contributions, national currency is acceptable provided it is usable, i.e., likely to be used up in the purchase of goods and services in the country.

Possible modality for UNDP

44. UNDP could follow the above arrangements, subject to any decision which might be made about the use of the SDR as the unit of account.

IPF arrangement

45. It is to be considered whether the existing IPF arrangement could continue under a replenishment scheme. If negotiations are commenced early enough, these could be completed in time for reporting to the Administrator twenty-four months before the end of the cycle, i.e., if the new cycle commences January 1987, the agreement should be available to the Administrator by January 1985. The Administrator would make an estimate of the amount likely to be available from other donors and prepare illustrative IPFs. The report on the negotiations and the IPF calculations would be presented to the Council in June 1985. If necessary, a special meeting of the Council would be held in January 1986 when it would be necessary for final agreement to be reached, if the IPFs for 1987-1991 were to be effective January 1987. If this time-table were adhered to, resources planning and the country programming process would not have to be changed from the present arrangement.

Time-table for replenishment arrangement

46. If, as indicated above, negotiations for replenishment had to be completed by January 1985 and one year had to be allowed for negotiations, these would commence at the latest in January 1984. This would require approval of replenishment arrangements by the Council in June 1983 or, at the latest, at a special meeting in January 1984.

47. If there were slippages making the above impossible, it could be arranged to extend the present cycle by one year, adding 20 per cent (or a larger amount to take care of inflation and growth, for example 25 per cent) of the IPFs for 1982-1986 for the year 1987.