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Special Meeting on preparations for the third
programme cycle, 1982-1986

SUMMARY RECORD OF THE 668th MEETING

Held at Headquarters, New York,
on Monday, 11 February 1980, at 10.30 a.m.

Temporary President: Mr. LINDORES (Canada)

President: Mr. VUNIBOBO (Fiji)

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The meeting was called to order at 10.50 a.m.

OPENING OF THE MEETING

1. The TEMPORARY PRESIDENT recalled the Council's decision, taken two years earlier, to hold only one session in June of each year and to suspend the application of rule 11 of its rules of procedure, which provided for the election of the new Bureau at the first meeting of the year. Accordingly, he proposed that the election of new officers should be held in June 1980.
2. It was so decided.
3. The TEMPORARY PRESIDENT drew attention to the special situation created by the fact that the President of the Council was no longer a member of the Government of Fiji. Therefore, in accordance with rule 12, paragraph 2, of the Council's rules of procedure, the first order of business must be the election of a new President for the unexpired term, that is to say, until June 1980.
4. Mr. CHANMUGAM (Sri Lanka) nominated Mr. Vunibobo (Fiji) for the office of President.
5. Mr. Vunibobo (Fiji) was elected President by acclamation.
6. Mr. Vunibobo (Fiji) took the Chair.

ADOPTION OF THE AGENDA

7. The PRESIDENT drew attention to two additional subitems (assistance to Equatorial Guinea and the establishment of an IPF for Zimbabwe) which were to be inserted under item 3, "Matters arising from action taken by the General Assembly at its thirty-fourth session".
8. If there was no objection, he would take it that the provisional agenda was adopted, as amended.
9. It was so decided.

ELECTION OF THE RAPPORTEUR

10. The PRESIDENT said he had been informed that the Rapporteur would be unable to attend the meeting. He suggested that Mr. Felcman (Czechoslovakia) should be elected Rapporteur for the unexpired term.
11. Mr. FELCMAN (Czechoslovakia) was elected Rapporteur by acclamation.

ORGANIZATION OF WORK

12. The PRESIDENT proposed that, in keeping with the guidelines of the General Assembly and the Economic and Social Council concerning the control and limitation of

(The President)

documentation, the Governing Council should decide, as it had at its meetings in January 1978 and January 1979, that the report on the Special Meeting should consist of the decisions taken, with appropriate references to the relevant summary records.

13. It was so decided.

STATEMENT BY THE ADMINISTRATOR

14. Mr. MORSE (Administrator) expressed satisfaction at the considerable progress already made towards reaching broad agreement on a general framework for third-cycle country IPFs, extending the use of the flexible and equitable criteria for country allocations which had been established for the second cycle. He hoped that the same spirit of constructive compromise would prevail during the negotiations through which specific applications of the general principles would be determined.

15. The Council would have to take an additional decision concerning the over-all allocation of resources between country and intercountry IPFs. As Administrator, he was very conscious of the repeated appeals for UNDP to direct its attention to a great variety of significant global issues, in particular through its intercountry activities, and the Council might wish to bear those appeals in mind in its initial consideration of allocations. The surest guarantee of a smooth passage from the current cycle to the third cycle was the early resolution of all allocation issues.

16. Two other items requiring decisions were the allocation of an IPF covering the remainder of the present cycle for Zimbabwe and the extension to Equatorial Guinea of essentially the same benefits as were accorded to least-developed countries, also for the remainder of the cycle. He drew attention to the report on assistance to Nicaragua (DP/427), adding that a special message had just been received from the Nicaraguan Government and transmitted to the President of the Council.

17. The issues of multiyear pledging and a more equitable pattern of financing for the Programme would be placed before the Intergovernmental Study Group on Future Financing of the Programme, which was to hold its first series of deliberations the following week. As to resource mobilization, despite repeated indications by Governments that resources for development were being increased, the over-all trend for 1980 was less than encouraging. However, he was confident that the Council would not permit short-term conditions to blur the immediate and longer-term needs of the peoples of developing countries, particularly since the United Nations had been identified as the central forum for North-South discussions of international economic co-operation for development and since UNDP, as the central funding organization for technical co-operation within the system, was viewed as a bell-wether of practical progress in many respects. The results of the last pledging conference had already fallen significantly short of the agreed annual growth target for the cycle, and it was essential to avoid having to reduce UNDP assistance. In that connexion, he assured Governments that he would maintain his continuing demand for economies in the administration of the Programme.

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(Mr. Morse)

18. While final resolution of the outstanding questions might not be achieved at the present special Meeting, it was imperative that substantial progress should be achieved, so that little more than final ratification would be left for the June session. Over the years, the Council had been a major force for development, and as the international community intensified its efforts to achieve a new and more just international economic order, the Council must keep UNDP in the vanguard of the forces of progress.

PREPARATIONS FOR THE THIRD PROGRAMMING CYCLE, 1982-1986

19. Mr. BROWN (Deputy Administrator) expressed the hope that, on the basis of the many informal consultations held with most of the donor and recipient countries, considerable progress could be made towards agreement on the magnitude and the allocation of UNDP resources for the cycle 1982-1986.

20. Referring specifically to the matters raised in paragraph 82 of the note by the Administrator (DP/425), he pointed out that the planning process for 1982-1986 currently required the Council to indicate the volume of new financial resources likely to be available for that period. The estimates given in document DP/425 for that volume were based on the assumption that contributions would be increased by 10 per cent, 12 per cent, 14 per cent and 16 per cent annually, while the increase in allocations was assumed to be 14 per cent. The Council itself must decide on the growth rate of contributions to be assumed for final planning purposes, taking into account such conflicting factors as sluggish economic activity and inflation in several donor countries and the unfulfilled needs of developing countries. Clearly, the previously used implicit assumption of a 7.5 per cent inflation rate was no longer applicable.

21. The Council might also wish to consider the role of UNDP in the context of future official development assistance, as well as the need for a stable and equitable pattern of country participation in the financing of the Programme, if UNDP was to continue to be a dynamic force in the field of development assistance. In that connexion, he drew attention to the meeting of the Intergovernmental Study Group on Future Financing of the Programme, to be held on 19 and 20 February 1980.

22. With regard to the broad pattern of use of financial resources for 1982-1986, he observed that the calculations in table 1 of document DP/425 were contingent on the decision the Council would take concerning the relative amount of resources to be allocated directly to the various field activities and to the support costs of the executing agencies and of UNDP, as well as on an increase in reserves designed to ensure the financial integrity of the entire operation.

23. As to the various technical co-operation field activities, a Council decision would be required only with regard to the relative shares for country and intercountry activities. While 82.5 per cent of the total available resources had previously been allocated to country IPFs and 17.5 per cent to intercountry IPFs, there was a growing need for UNDP to respond to the development decisions of numerous United Nations and other international forums, and an effective response

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could be made only through intercountry programmes. He therefore suggested that the Council should consider increasing the total IPF resources allocated to intercountry activities somewhat above the earlier figure of 17.5 per cent.

24. The Council's views were also needed with regard to the suggested allocations for particular field activities, as described in paragraphs 18 to 23 of document DP/425. The UNIDO General Conference, meeting at New Delhi the preceding week, had made recommendations in that connexion.

25. The heart of the planning process for 1982-1986, namely, the allocation of total foreseen IPF resources among 150 individual developing countries, comprised two stages: first, agreement on the general framework for the establishment of individual country IPFs and, second, agreement on specific applications within the general framework. There was apparently broad agreement to maintain the general country IPF framework which the Council had adopted for the 1977-1981 cycle, and in which individual country IPFs were calculated in relation to the size of each country's population and per capita GNP, as well as its IPF under the previous planning cycle and other supplementary criteria.

26. With a view to simplifying its discussions and decisions on those matters, the Council might wish to focus on the broad characteristics of IPF resource allocation, that emerged from the detailed calculations provided by the Administrator. For example, after applying the general framework to each country, and in the light of calculations already available, the Council might decide what percentage of the total resources foreseen for country IPFs should go to countries having a per capita GNP of less than \$500, taking into account the concept of floor and ceiling criteria. However, in focusing attention on countries at the lower and upper ends of the per capita income scale, insufficient emphasis was sometimes placed on the relative needs of the countries in the middle. The Council's decision should therefore reflect the desirability of ensuring an equitable pattern of resource allocation among countries with per capita GNPs above \$500. Because so many compelling interests had to be recognized, he also cautioned against establishing conflicting or inconsistent instructions for future IPF calculations.

27. Two additional factors influenced the calculation of country IPFs. First, there were the basic data concerning population and per capita GNP. The calculations contained in document DP/425 were based on the latest data available from the World Bank, which in the present case meant data for 1978, since comparable data for 1979 would not be available until early 1981. The second factor influencing the calculation of country IPFs was the choice of the supplementary criteria to be used. After carefully reviewing the suggestions made by the Council at its twenty-sixth session, the Administrator had enlarged his initial proposal and had prepared an extensive statement on that matter, which was contained in paragraphs 48 to 60 of document DP/425.

28. With regard to planning for third-cycle regional IPF activities, UNDP might have an aggregate amount of approximately \$670 million for the financing of regional technical co-operation. Since the Council had not yet decided how that

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amount would be divided among UNDP's five regions, table 5 of document DP/GC/FEB.80/CRP.1 had been prepared to facilitate the discussion of that matter during the Special Meeting. The calculations contained in table 5 were based primarily on the same methodology used in calculating regional IPFs for the current cycle, together with up-to-date information on basic and supplementary regional criteria.

PREPARATIONS FOR THE THIRD PROGRAMMING CYCLE, 1982-1986 (DP/425; DP/GC/FEB.80/CRP.1)

29. Mr. KUYAMA (Japan) said it was generally believed that rapid growth rates were relatively easy when a programme was small but that once a certain size was reached, the same rapid growth was difficult to maintain. In his delegation's view, UNDP might be approaching that critical point, for its annual budget was expected to exceed \$1 billion during the third cycle. In the light of that fact and of the fact that it was easier to expand programmes than to scale them down to fit actual contributions received, his delegation believed that the estimates of annual growth rate in voluntary contributions for the cycle 1982-1986 should be on the conservative side. It would be prudent, in the planning of programmes for the third cycle, to allow for the possibility that the target for contributions might not be achieved.

30. His delegation had noted with concern that technical co-operation programmes in the United Nations system appeared to be expanding relatively faster than the UNDP programme, since that might imply that UNDP's role in technical co-operation within the United Nations system was diminishing. Bearing that in mind, his Government would try to increase its future contributions to UNDP.

31. With regard to the question of resource allocation referred to in paragraph 77 of the note by the Administrator (DP/425), he said that it might be advisable to aim at adopting a flat percentage cutback for all individual country IPFs, depending upon the specific dollar target for the third cycle, while retaining certain patterns of allocation of country IPFs.

32. It would be appropriate to maintain generally the present method for determining individual country IPFs, but in view of the greater relative need of the poorer developing countries, their relative share of total country IPFs should perhaps be increased. However, the principle of universality should not be neglected, as its purpose was to ensure that all developing countries benefited equitably from UNDP assistance. For that reason, his delegation was somewhat reluctant to agree to a "cut-off" of certain countries (in other words, a transfer out of the category of IPF recipients), although such a possibility might merit consideration at a later date. With regard to the application of the principle of universality, a number of modalities could be considered, including the setting of a floor percentage in inverse proportion to the per capita income. His delegation felt that the introduction of a ceiling criterion would be a justifiable compromise between the extremes of cutting off certain countries and having no ceiling at all. Supplementary criteria should be confined to those that were easily measurable and did not create problems of a political nature. His delegation appreciated the efforts of those Governments which had already taken steps to become net contributors, and it wished to urge other countries, particularly those at the upper end of the income scale, to do likewise.

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(Mr. Kuyama, Japan)

33. With regard to the question of the allocation of total UNDP field programme activities, he suggested that it might be desirable to increase the programme reserve slightly, since demand for emergency assistance was expected to increase in the future. Last, with regard to the ratio of country IPFs to intercountry IPFs, in view of the importance of intercountry activities it was his delegation's belief that the percentage allocations for intercountry IPFs should be increased slightly.

The meeting rose at 11.40 a.m.

