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Special meeting on preparations for the third
programming cycle, 1982-1986

SUMMARY RECORD OF THE 669th MEETING

Held at Headquarters, New York,
on Monday, 11 February 1980, at 3 p.m.

President: Mr. VUNIBOBO (Fiji)

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The meeting was called to order at 3.20 p.m.

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

1. Mr. KATAPODIS (Greece), touching on some aspects of policy for the years 1982-1986, stressed the importance of the broader political and economic framework of the operation of UNDP as the central funding agency of the United Nations and as a catalyst for international technical co-operation, which benefited countries at the lower and intermediate levels of development. The benefits should be assessed mainly by considering the multiplier effects of the various projects on the over-all economic development of the recipient countries. UNDP should devote the bulk of its resources to assisting the least developed countries. The role of the major contributors was of crucial importance, with regard to both the volume of their contributions and the degree of participation of their highly skilled and experienced firms and experts in the projects financed by the Programme. The establishment of cut-off criteria was, in his delegation's view, counterproductive for the future activities of the Programme and for the regular and increasing flow of voluntary contributions. The level of development of each recipient country or group of countries should certainly be taken into consideration when establishing guidelines for the inclusion of projects in the third cycle. But that must be done without losing sight either of the principle of universality or of the real needs of developing countries for technical assistance, irrespective of the subcategory to which they might belong. The Council's decisions should be flexible, so that member States could formulate their contribution policies gradually, extending them as necessary into the early phases of the third cycle and beyond.

2. Mr. WHYTE (United Kingdom), reiterating his Government's position on the level and distribution of resources in the cycle, said that the target for the growth of resources over the third cycle should be realistic and that a growth rate figure of 14 per cent for the cycle was somewhat optimistic. The proportion of resources allocated to the poorer countries should be substantially increased. Indicative planning figures (IPFs) should be calculated on the basis of GNP and population, using World Bank figures, and the use of any supplementary criteria should be kept to a minimum. His delegation favoured the establishment of a cut-off point, above which countries would have to pay for any assistance they received from UNDP. Finally, his delegation felt that the floor principle distorted an otherwise rational and objective system of allocating resources and should be abandoned.

3. Mr. FESENKO (Union of Soviet Socialist Republics) said that his delegation considered that the Administrator's proposals in document DP/425 could, on the whole, serve as a basis for ensuring continuity between the second and third cycles, and for the further improvement of planning and of the criteria for distributing the Programme's resources in strict compliance with the principle of universality and the voluntary principle. His delegation also shared the Administrator's view that the portion of resources devoted to regional and

(Mr. Fesenko, USSR)

interregional IPFs should be somewhat increased. However, a thorough analysis should be made of the possibilities of further rationalizing the use of the Programme's resources and improving all aspects of its activities. In that connexion, he cited the continued existence of certain serious deficiencies and problems which were incompatible with the basic principles governing all United Nations technical assistance activities, such as the failure to achieve fully equitable geographical distribution in Programme staffing, both at Headquarters and in the field, the failure to make adequate use of non-convertible currencies available to the Programme, the high level of administrative and other non-productive expenses, the failure to make full use of the experience and the facilities offered by the Soviet Union and other socialist countries, especially for the training of personnel from developing countries, and the continued and one-sided practice of assigning technical assistance projects mainly to three or four Western countries, which virtually gave them a monopoly role in the Programme. In addition, certain officials holding executive positions in the United Nations technical assistance system had recently been attempting to bypass intergovernmental bodies and existing United Nations decisions concerning the distribution and use of international resources for development programmes and projects in certain countries, clearly acting in accordance with the political course pursued by those countries. It should also be remembered that the effectiveness of outside assistance was not to be determined exclusively by quantitative factors but must also be measured in terms of the extent to which developing countries were able to combat neocolonialism in the economic sphere, defend their sovereignty over their natural resources and control the activities of imperialist monopolies operating in their territory. Furthermore, efforts to improve the effectiveness of social and economic programmes of any kind must take into account the decisions adopted at the sixth special session of the United Nations General Assembly, the Charter of Economic Rights and Duties of States and other United Nations decisions aimed at restructuring international economic relations and establishing a new international economic order on the basis of equality and mutual advantage.

4. It was also clear that development required peace and massive resources which, in turn, called for the strengthening of détente, the cessation of the arms race and the establishment of effective measures for the achievement of real disarmament. In that connexion, his delegation drew attention to the fact that the General Assembly had urged that the resources released as a result of a reduction in military budgets should be used to provide assistance to developing countries. UNDP had to function in the real world and had to reflect the political changes that were taking place. The cessation of the arms race was the common task of all States, all Governments, all peoples and all international organizations. Without a normalization of the international situation, the cessation of the arms race and the adoption of effective measures to achieve real disarmament, no long-range programmes or strategies for development could be successful.

5. Mr. ENKHSAIKHAN (Observer for Mongolia) said that his delegation felt that, in general, UNDP's recent activities were to be commended. It was now widely recognized that UNDP's technical assistance was becoming an important factor in

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(Mr. Enkhsaikhan)

eradicating the effects of colonialism in the developing countries. His Government highly appreciated UNDP's technical assistance to Mongolia, which constituted a valuable supplement to the country's own efforts. Furthermore, his delegation noted with satisfaction that the Programme would be the "lead agency" in preparing the study on the role of qualified national personnel in the social and economic development of the developing countries. With regard to over-all planning and the establishment of IPFs, his Government felt that IPFs for the third programming cycle should be determined on the basis of the 1970 consensus, which emphasized the need to respect the sovereign right of the recipient State to determine its own development objectives. Furthermore, the objectives of the third cycle should correspond to the resolutions on "new dimensions" and reflect the principle of universality. The funding of UNDP should be on a strictly voluntary basis, and his delegation welcomed the proposal to raise the average annual growth rate of voluntary contributions to 14 per cent. In determining IPFs, the special needs of the least developed, land-locked, island developing, disaster-stricken and newly independent countries should be taken into account. Individual country IPFs should conscientiously attempt to respond to the needs of each individual country, and the main criteria in determining IPFs should be the size of population and the per capita GNP of each country. Supplementary criteria should also be used in calculating IPFs so as to reflect more fully the "objective factors" which should be taken into account. By "objective factors" his delegation meant factors which existed, and probably would exist for a long time, and which adversely affected the economic and social development of a given country. The use of such supplementary criteria would be in full conformity with the principle of the sovereign equality of States and would represent, in economic terms, an effort to place States in equally favourable conditions for their economic and social development.

6. It was most important that the Council, when determining Mongolia's IPF for the third cycle, take account of three such objective criteria: the extreme climatic conditions, which drastically reduced the time suitable for construction projects and land cultivation and added greatly to the cost of such activities; the extreme remoteness of Mongolia, a land-locked State, from the nearest sea-shore - a situation which impeded the normal development of mutually beneficial trade with other countries and other forms of economic co-operation, including the import of foreign equipment; and, lastly, the ratio of the size of the population to the territory of the country, which resulted in a constant shortage of manpower, and the need to develop transport and communication networks.

7. Mr. HUTTON (Canada) said that Canadian policy on the issues under discussion remained basically unchanged. With regard to the absolute level of voluntary contributions, the 14 per cent growth target did not appear to be realistic, given the explicit indications of projected levels of contributions by several of the larger traditional donors and the disappointing response to repeated appeals by the Governing Council for increased contributions from potential new sources. The anticipated level of voluntary contributions was a crucial ingredient in UNDP's planning process. If the planning figure was unrealistic, the entire planning process would be prejudiced and the target would lose credibility as a fund-raising goal. It was his delegation's view that the actual figure for the

(Mr. Hutton, Canada)

second cycle should be the base for projections of the third cycle. It was therefore essential that the appropriate target level should be fully explored at the current meeting. Furthermore, the over-all pattern of the use of UNDP's financial resources should be established at an early stage in the discussions. His delegation continued to support the Administrator's proposal in document DP/377 for a shift in the proportion of financial resources available to inter-country IPFs during the third cycle. With regard to the general framework for individual country IPFs, his delegation favoured a shift of resources towards the least developed countries. The exact amount of such a shift should be determined by the position taken by the developing countries themselves. His delegation supported mechanisms such as a lowering of the value of the floor, or perhaps even the eliminating of the floor, so as to permit a more graduated decrease of resources assigned to countries above the \$500 per capita GNP level and thus favour the middle-income recipient countries. His delegation shared the view expressed by the Japanese delegation that the use of supplementary criteria should be limited and that they should be as kept objective and quantifiable as possible.

8. The third cycle was a transitional one, and the Council must now establish some mechanism which would permit countries at a certain per capita GNP level to graduate from the present IPF system. His delegation therefore supported the principle of a cut-off point, as described in document DP/GC/XXVI/CRP.9, but had no fixed views as to the level at which the cut-off point should be established.

9. Mr. OULD SID'AHMED (Observer for Mauritania) said that his delegation's approach to the discussions was guided by two main considerations: firstly, its belief that UNDP was the programme in the United Nations system which provided the most direct link with the development efforts of the developing countries, and secondly, the need for the Programme to concentrate increasingly on the specific problems of the most disadvantaged developing countries. With specific reference to the item under consideration, it was essential that the resource growth rate of 14 per cent set by the Council be achieved as soon as possible, otherwise the entire Programme would have to be reviewed and the credibility of the Council would be impugned. The objectives of the Programme, particularly with regard to IPFs, should be based on objective criteria, having regard to the actual conditions prevailing in each country. In that connexion, his delegation was in favour of using the data provided for 1978 by the World Bank. Programmes should be reviewed and adjusted, if necessary, in mid-stream. The view that the least developed countries were entitled to a greater share of the Programme's resources was generally accepted, but little action had been taken in the matter. He pointed out that the IPF for his own country during the second cycle had been quite inadequate, and he hoped that changes in the method of determining country IPFs would improve the situation in the third cycle.

10. Mr. IRAWAN-DARSA (Indonesia) observed that the first central policy issue which the Council must discuss was the future size of the Programme, which was directly predicated on resource availability. His delegation believed that the average annual growth rate of 14 per cent in voluntary contributions must be achieved in order to meet the assistance needs of developing countries. Given the

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(Mr. Irawan-Darsa, Indonesia)

rate of world inflation, such a growth rate was the absolute minimum practicable if the Programme was to grow in real terms, and it should not be allowed to diminish, for standards set by UNDP were bound to have a profound effect on bilateral and other co-operation agencies. The formulation of the New International Development Strategy and the implementation of the concept of self-reliance might also result in new demands for multilateral technical co-operation.

11. With regard to resource allocation between country IPFs and intercountry IPFs, his delegation could agree to maintaining the ratio adopted for the first and second cycles, but could also go along with a slight modification of that ratio in favour of intercountry IPFs.

12. The main problem in preparing for the third cycle appeared to be the determination of individual country IPFs, in particular the allocation ratio between lower and higher income countries. His delegation believed that per capita GNP and size of population had proved the most objective and effective factors in determining individual country IPFs and should be retained as criteria for the third cycle. At the same time, his delegation supported the progressive shift of resource allocation towards countries in greatest need of technical co-operation financing, namely those with an annual per capita GNP below \$500. Despite the difficulties involved, steps must be taken towards that end in a manner acceptable to all Member States. Its support for that measure did not, however, mean that his delegation believed that any country should be excluded from the Programme. While it was not necessarily opposed to the idea of the floor concept or to inflation adjustment, or in favour of a ceiling concept, his delegation believed that any decisions on those aspects must arise from a decision on the shift in resource allocation, and not vice versa. IPFs were not the only form of technical co-operation offered by UNDP. Moreover, UNDP offered other possibilities of co-operation which were not dependent on the volume of a country's IPFs.

13. With regard to supplementary criteria for the calculation of IPFs, his delegation endorsed the observations and recommendations contained in paragraphs 51 and 57 of document DP/425.

14. Mr. ROETHLISBERGER (Switzerland) said that his delegation wished to see UNDP remain the central organ for the financing of technical co-operation within the United Nations system. With regard to the decisions which the Governing Council must take on the basis of the conclusions contained in paragraph 82 of document DP/425, his delegation believed that the volume of available resources was decisive for the future of UNDP and, in connexion with the two bases proposed for the calculation of such resources it could endorse either one of the two figures proposed since they met the need for prudent forecasting. His country would be prepared to co-operate in what must be a common effort to fulfil the aims established with regard to financing. A substantial increase in UNDP funds might require that the number of major contributors also be increased. The assistance given by his country would also depend on an agreement to distribute resources to the different categories of countries in accordance with their needs.

(Mr. Roethlisberger, Switzerland)

15. With regard to the pattern of use of financial resources, his delegation endorsed the contents of table 1 and the proposed distribution of resources under the different headings of the operational programme. It believed that miscellaneous expenditures would have to be considered in depth when the budget was presented. With regard to the general structure of the third cycle and its application to IPFs, his delegation reiterated that absolute priority must be given to the most disadvantaged countries. In other words, the greatest possible percentage of resources available for country IPFs must go to those categories of country which had a per capita GNP of less than \$500. The fixing of ceilings or floors or a cut-off point were technical instruments which must be used to achieve that objective. Document DP/425 gave a number of good examples of such mechanisms and of how they could be used and interrelated. For instance, a ceiling could be used to account for inflation by totally offsetting inflationary effects in some categories of country and not at all in others. With regard to the possibility of a cut-off point, he agreed with the representative of Japan that, as far as possible, the Programme should continue to be universal and should not exclude any country. He hoped therefore that recipient countries with adequate resources would consider becoming net contributors.

16. With regard to the bases for calculating per capita income, his delegation agreed that the latest real figures available, namely those of the World Bank for 1978, should be used. With regard to supplementary criteria, his delegation shared the Administrator's concern that non-quantifiable criteria should be avoided, and that the quantifiable criteria suggested in document DP/425 should be used.

17. Mr. MARINESCU (Romania) expressed appreciation for the realism with which the Administrator had distributed resources for the third cycle, and for his inclusion in that cycle of all countries which were currently receiving an IPF. The principle of universality which guided UNDP's activities would be decisive for the Programme's future, if all member countries' needs and particularly those of the least developed countries, were to be taken into account.

18. With regard to the level and distribution of UNDP resources for the period 1982-1986, his delegation believed that the proposal to increase voluntary contributions annually by 14 per cent was reasonable, and represented the minimum required for UNDP to function effectively. His delegation also generally supported the proposals contained in table 1 with regard to the distribution of resources. It was pleased to note that three quarters of such resources were to be devoted to operational activities and 82.5 per cent to country programmes, in line with a recommendation to that effect by the Group of 77. It also supported the proposal to increase allocations to SIS to \$25 million, given the importance of such projects for accelerating the industrialization of developing countries. Agency support costs, on the other hand, remained somewhat high.

19. The main problem arising from document DP/425 was how to establish criteria for calculating country IPFs for the period 1982-1986. It was to be hoped that an improved methodology would be available for the third cycle, based on the experience gained in previous cycles.

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(Mr. Roethlisberger, Switzerland)

20. His delegation believed that the suggestions to introduce a cut-off system or to force countries to "buy" technical assistance represented a serious step backwards and could threaten the universality of the Programme. The Programme could not be a closed club, but must consider the technical assistance needs of all developing countries, with special emphasis on the poorest countries. His delegation therefore endorsed the method proposed in paragraph 63 of document DP/425, which excluded the idea of a "cut off".

21. His delegation was strongly opposed to restrictive or discriminatory criteria and to that end, supported the flexible criteria proposed by the Group of 77 countries, which were also members of the Council, in document DP/GC/XXVI/CRP.30. His delegation continued to believe that the GNP must not be regarded as an absolute criterion for determining whether or not a country should continue to receive an IPF. Several other factors must be taken into account, and his delegation regretted the fact that the suggestion made by his delegation, among others, that such other essential factors as size of agricultural population, structure of foreign trade, etc., should be considered, had not been taken up. His delegation also agreed that special attention should be given to the supplementary criteria mentioned in paragraph 57 of document DP/425, and believed that it would be more realistic to use per capita income, calculated on the basis of the latest data from the United Nations Statistical Office, rather than the GNP, to determine a country's level of development.

22. His delegation endorsed the proposal made by the Administrator in part I of document DP/377 that an adjustment should be made to offset the effects of inflation in the third cycle. The hypothetical calculations made in document DP/425 showed different ways of distributing IPFs by region or group of countries in accordance with the level of the GNP. His delegation believed that such calculations should have corresponded directly to resolution 79/23, adopted by the Council at its twenty-sixth session, and have concentrated on the proposals contained in documents DP/377 and DP/GC/XXVI/CRP.30.

23. He questioned the usefulness of including calculations for proposals which had been withdrawn by their sponsors. That could cause confusion and cancel out the progress achieved at the twenty-sixth session. In the light of resolution 79/23, his delegation believed that the Council should consider only documents DP/377 and DP/GC/XXVI/CRP.30, and seek a compromise between them that was universally acceptable. It must avoid establishing criteria which created division and conflict.

24. Mr. NKOBI (Observer, African Nationalist Congress of South Africa (ANC)) said that, while the apartheid régime was engaged in a massive propaganda campaign to convince world opinion that there had been changes in South Africa, and that apartheid was on the way out, a campaign which was supported by the Western countries since it would enable them to perpetuate the exploitation of South Africa's resources by the corporations, in actual fact racist exploitation and repression had recently increased in South Africa. Hundreds of thousands of blacks had been resettled in bantustans where there was no cultivable land and no possibility of employment. Millions of black people were being dispossessed of

(Mr. Nkobi)

their South African citizenship on moving to bantustans, with the result that there would eventually be no black South Africans left in South Africa. Blacks in the bantustans were unable to participate in South Africa's economic, social and political life, and international opinion must not let itself be duped. There could only be genuine changes in South Africa if ANC was able to entirely restructure the country and enable all South Africans, regardless of colour, to live a prosperous and full life.

25. ANC welcomed the international support it had received in its struggle to establish a new, democratic, multiracial State in South Africa. Such support was not sufficient, however, for the apartheid régime was determined to continue its defiance of international opinion and perpetuate its racist domination. ANC strongly condemned those Western countries which were acting in collusion with the South African racists, and called upon the United Nations to isolate the régime in every possible way and to support ANC's liberation struggle. He therefore appealed to UNDP to give generous aid to the liberation struggle. While ANC was grateful for the support given to self-help projects financed by United Nations agencies, further assistance was needed, particularly for the latest school project.

26. The school project had arisen after the events at Soweto and, in October 1977, a school had been established on a 250-acre site donated by Tanzania. The school would provide junior through secondary education, boarding school accommodation, a health centre, agricultural projects, culture and recreation, and vocational training in a number of skills. The school, which had been dedicated to Solomon Mahlangu, one of the new generation of martyrs of the ANC freedom struggle, had embarked on the gigantic task of training young South Africans for a future, non-racial South Africa. The total cost of the project was \$9.5 million.

27. ANC was also organizing the production of food, for instance on a large farm donated by the Zambian Government, to enable South African freedom fighters and refugees to become self-sufficient. Help was also needed to move refugees from some of the front-line States, where they were constantly in danger. UNHCR had been unable to help in that connexion, and ANC urged UNDP to try to be of assistance. ANC was sure that the liberation struggle would be victorious, for its cause was just and must be given every possible encouragement and support.

The meeting rose at 4.50 p.m.

