

UNITED NATIONS
DEVELOPMENT
PROGRAMME



UNDP

Distr.
GENERAL

DP/SR.671
19 February 1980

ORIGINAL: ENGLISH

GOVERNING COUNCIL

SPECIAL MEETING ON PREPARATIONS FOR THE THIRD PROGRAMMING CYCLE, 1982-1986

SUMMARY RECORD OF THE 671st MEETING

Held at Headquarters, New York,
on Tuesday, 12 February 1980, at 3 p.m.

President: Mr. VUNIBOBO (Fiji)
later: Mr. LINDORES (Canada)

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The meeting was called to order at 3.10 p.m.

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

1. Mr. ZDRAVKOVIĆ (Observer for Yugoslavia) congratulated the Administrator on the very thorough preparation that had gone into document DP/425. While noting the somewhat low increase in over-all pledged contributions for the third programming cycle, he expressed his delegation's strong support for the 14 per cent target of minimum annual growth suggested in paragraph 7. To achieve that target, efforts would be required from both developed and developing countries and the burden would have to be shared more equitably than it had been in the past. Some countries were not contributing in a manner commensurate with their resources. Those recipient countries that were in a position to do so should make serious efforts to become net contributors, as his own country had done. Since 1976, its annual contribution had increased by approximately 14 per cent to reach \$2.6 million for 1980.
2. As far as the allocation of resources was concerned, his delegation supported in principle the proposal set out in table 1. However, it believed that the Governing Council should give serious consideration to the growing requirements for intercountry activities mentioned by the Administrator in his introductory statement at the 668th meeting. Such activities promoted not only self-reliance but also the implementation of the concept of technical co-operation among developing countries.
3. In the matter of determining the allocation of resources among individual countries, he strongly supported the concept that countries with a per capita gross national product of less than \$500 per annum should receive a larger share to meet their growing development needs. Indeed, that concern to assist the poorest developing countries guided his own country's general policy of bilateral co-operation. On the other hand, the "cut-off point" concept was one which his delegation considered to be inappropriate and unjustified, firstly, because it believed that the principle of universality and the voluntary nature of the Programme should be preserved; secondly, because the introduction of such a concept would disrupt a number of on-going projects, and, thirdly, because it was often the very existence of UNDP activities that enabled developing countries to make greater inputs themselves.
4. His delegation supported the application of the criteria of per capita income and population figures in determining indicative planning figures. However, it had no objection to the supplementary criteria, provided that they could be judged and applied objectively.
5. Mr. ERALP (Observer for Turkey) pointed out that a comprehensive technical assistance programme, encompassing a wide range of subjects, was under way in his country thanks to UNDP assistance. In that connexion, the project for the transfer of know-how through expatriate nationals was worthy of mention. His Government attached great significance to the technical assistance that would be channelled through UNDP in the third programming cycle; that would help all developing countries to attain self-reliant economic development, regardless

(Mr. Eralp, Observer, Turkey)

of their current per capita GNP, an indicator which concealed more than it revealed. His delegation was very much concerned at the trend towards making arbitrary distinctions among developing countries in that respect, since those that had reached an intermediate level of development had specific problems which gave rise to a growing need for multilateral technical assistance. Given the universal character of the Programme, he was of the opinion that all developing countries should be able to enjoy the benefits of UNDP technical assistance. While the underlying reasons for giving priority to the least developed countries were understandable, the Governing Council, in its consideration of IPFs for the third programming cycle, should not ignore the needs of the middle-income developing countries, especially those which were suffering from serious balance-of-payments difficulties owing to high world-wide inflation and energy prices. His delegation firmly believed that no country should receive less in the third cycle than it had in the second. In other words, the figures for the third cycle should be fully adjusted to take account of the rate of inflation and thereby maintain the real value of the amount that each country would receive during the current cycle. Such an adjustment was not only equitable but necessary, since it would be recalled that second cycle IPFs for most of the middle-income countries had remained unchanged since the first cycle.

6. His delegation would prefer to retain the supplementary criteria as defined by the Governing Council at its sixteenth session. Although it understood the arguments put forward by the Administrator, it did not believe that the difficulties of measurement inherent in criteria calling for a subjective judgement were insurmountable.

7. The relationship between the over-all volume of UNDP resources and their allocation was crucial, and the funds available to the Programme should be increased significantly so as to enable the Governing Council to distribute IPFs to member countries in a meaningful manner. His delegation shared the view that the 14 per cent annual growth target was the lowest figure worthy of consideration. As the Administrator had informed the Governing Council, the results of the most recent pledging conference had fallen significantly short of that target and, owing to high world-wide inflation rates, the value in real terms of current UNDP allocations would barely be maintained, even with a 14 per cent increase in funds. He therefore called upon all countries, especially the donor countries, to subscribe to at least a 14 per cent annual increase and significantly raise their voluntary contributions.

8. Mr. FOX (United States of America) said his delegation believed that considerable progress had been achieved at the June 1979 session of the Council and hoped that a number of significant decisions would be taken at the current session to expedite the work.

9. His Government continued to support UNDP's essential role as the co-ordinating body for technical assistance in the United Nations system. The significant progress made by so many members towards self-sustaining development attested to the effectiveness of concerted international collaboration in assisting countries in carrying out their national development strategies. UNDP complemented and reinforced the work of the multilateral development banks and bilateral development assistance programmes, and, through its central planning and funding capabilities, it mobilized the intellectual resources of the world's technical and scientific community to attack pressing problems of development which are either specific to individual countries or, like energy, global in scale.

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(Mr. Fox, United States)

10. The question of the proper use of UNDP grant resources was a fundamental issue. Among the major multilateral capital or development assistance institutions, UNDP was unique in offering grant assistance to almost every developing country in the world; yet, it had no eligibility criteria to establish access to its limited resources, and, besides assisting the poorest countries, it extended help to countries with real development needs but with per capita GNP well in excess of that of the major donors. The plight of the countries in greatest need was far more serious than that of countries which had at least some resources for investment in development. His delegation reiterated its position that UNDP's resources should be directed towards the former group of countries, and if called upon the relatively more advanced or more prosperous countries to give up their IPFs at the end of the second cycle and work with the developed countries to ensure that UNDP grant assistance was given only to the poorest countries. A low cut-off figure for grant assistance would make more resources available for those countries, and a consensus decision must be taken on that concept. His delegation would wish to review the appropriateness of that level at the time of the mid-term review during the third cycle. It strongly endorsed the proposal to allocate 81 per cent or more of third cycle IPF resources to countries with under \$500 per capita GNP; that proposal, together with the continuation of the \$700 ceiling, elimination of the floor and further reviews of the cut-off level, would be the best means for UNDP to serve as a mainspring of international co-operation with the poorest countries. At the same time, his delegation continued to support the universal nature of UNDP and believed that there should continue to be access to UNDP's expertise on a reimbursable basis.

11. His delegation considered that the Council should aim at total resource growth rates in the third cycle of between 10 and 12 per cent a year; any higher target would be unrealistic in view of current economic expectations. It was his delegation's understanding that even those targets would be contingent on substantially increased contributions in usable, convertible currencies from a much larger number of donors than before, including much more meaningful support from the oil-producing and -exporting nations. His delegation could not commit itself to any total target or to a specific growth rate for its contribution but noted that, even with a 10 to 12 per cent annual growth rate in resources, the actual flow for the poorer recipients would be considerably greater if a substantial number of relatively better-off countries would forego grant assistance.

12. His delegation strongly supported a rational allocation formula which was simple to use and approximated development needs. The per capita GNP and population figures were the most equitable formula for the largest number of recipients. The various supplementary criteria suggested in document DP/425 demonstrated no direct relationship with the level of development and need and would disproportionately benefit the more affluent among the developing countries.

13. Development issues of a regional, interregional and global nature required substantially greater attention from UNDP than they had received in the first two cycles, since the problems of development were increasingly of an interdependent nature and innovations were required in order to solve them. His delegation favoured the establishment of the ratio of country to intercountry IPFs at 75 per cent to 25 per cent so as to give UNDP additional resources for bold new activities.

(Mr. Fox, United States)

In a fast-changing world, UNDP must utilize the latest information on population and per capita GNP if its work was to be objective, and his delegation recommended that UNDP should use the World Bank per capita GNP and population data for 1978 when the final calculations for the third cycle were made.

14. His delegation broadly endorsed the Administrator's recommendations contained in document DP/427 on emergency assistance on Nicaragua and in document DP/424 on the transitional arrangements.

15. Mr. HODY (Belgium) said that over-all resource availability for the third programming cycle would obviously determine the size of country, regional and global IPFs. By the size of its contributions to the first and second cycles, his country had proved the importance it attached to ensuring the substantial funding of one of the most important United Nations development assistance programmes. It shared the conviction that resources would have to grow by about 14 per cent per year to meet the needs of the Programme and to compensate for the adverse effects of inflation. To achieve that target, substantially wider participation in the Programme would be necessary, together with a very significant increase in the number of net contributors. Likewise, a large number of countries that were in a position to do so would have to surrender a substantial portion of their IPFs. While the development assistance provided by a number of developing countries with balance-of-payments surpluses was appreciated, it would, in future, be desirable if a larger proportion of that assistance was channelled through UNDP. Only by bringing together the various sources of direct or indirect funding would it be possible to ensure the desired 14 per cent growth rate. The donor countries alone, in the current uncertain and unstable world economic situation, could not commit themselves to sustain a constant annual increase of 14 per cent in their contributions over the period 1982-1986; that had been confirmed by the most recent pledging conference.

16. With regard to the allocation of resources, his delegation believed that a minimum of 75 per cent should be devoted to the Programme, and it would therefore have preferred to see less allocated to agency support costs, administrative costs and activities other than IPFs.

17. With regard to the determination of individual country IPFs, his delegation took the view that 85 per cent of total IPFs should be reserved for countries with a per capita GNP of less than \$500, thereby fulfilling the commitments made by the international community, e.g., at the fifth session of the United Nations Conference on Trade and Development, with respect to emergency and long-term programmes for the least developed countries.

18. His country's co-operation with the least developed countries did not mean that it overlooked the tremendous need of other developing countries for financial resources. However, it believed that they were more easily able to obtain the financial and technical support that they required within the context of bilateral co-operation agreements and from other funding agencies of the United Nations system. UNDP should be the organ par excellence for assistance to the poorest countries.

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(Mr. Hody, Belgium)

19. The over-all resource availability for regional and global IPFs should be distributed on the basis of the real needs of the regional programmes. His delegation noted that at the current Special Meeting the Governing Council was being asked to take a decision on borrowing from previously agreed regional IPFs, showing that some of the elements of judgement involved in the Council's previous decision had not been confirmed in programme execution. Nevertheless, his country remained very much in favour of granting adequate regional IPFs to promote economic and technical co-operation among developing countries.

20. The Governing Council was also being asked to consider the choice of criteria and data for calculation of country IPFs. In that respect, his delegation fully shared the concerns expressed by UNDP, inter alia with regard to the population, per capita GNP and supplementary criteria. In determining basic data, the figures of the World Bank for 1978 should be used. The supplementary criteria already recognized by the General Assembly were also acceptable in certain specific cases. The calculation of the relative weight of such supplementary criteria could be carried out in the same way as for the current cycle by reference to the decision taken at the twenty-sixth session, but increasing weight should be given to the "least developed countries" criterion. Extreme prudence was required in defining the content of "floor" and "ceiling" criteria. They could be retained, but not at levels which would hinder equitable and generous assistance to the least developed countries. In addition, the principle of the right of all countries in need to have access to UNDP assistance had to be safeguarded. In that connexion, his delegation reaffirmed its strong support for the principles of universality and voluntary contributions. However, it was obvious that those two principles could not be applied unless every country participated in the Programme to the full extent of its capacity. Given the serious approach of UNDP to programme execution and its irreplaceable and effective contribution to the development process, Governments had an obligation to find satisfactory solutions to the serious problems with which UNDP was faced in preparing the third programming cycle. Solidarity among countries should lead to a collective effort in which each assumed its obligations towards the poorest and sought no more than its fair share of UNDP resources.

21. Mr. ULRICHSEN (Denmark), speaking on behalf of the Nordic countries, said that they entirely supported the view that it should be possible to reach an annual growth rate of 14 per cent. They emphasized, however, that in order to fulfil that target more equitable participation in the future financing of UNDP would have to be achieved. At the moment, the Nordic countries were contributing approximately 30 per cent of UNDP's total resources. While they had increased their contributions considerably during the second cycle, they could not be expected to be responsible for securing the necessary growth for the third cycle to the same extent as in the past. Other donors, as well as new donors, would have to assume a more reasonable share.

22. The Nordic countries tended to favour the Administrator's view that the general pattern of resource allocation should be the same as in the second cycle.

(Mr. Ulrichsen, Denmark)

23. The most important factor in the distribution of individual country indicative planning figures for the third cycle was the need to ensure that countries with a per capita GNP of less than \$500 would receive the highest possible share. The position of the Nordic countries with regard to other factors would depend on the degree to which that overriding objective could be achieved. While they believed that a ceiling should be fixed at an appropriate level, it was their view that a floor level tended to distort the basic principles behind the calculation of IPFs; they consequently would prefer it if the floor concept were abolished for the third cycle. They adhered to the principle that all countries should have access to technical assistance from the Programme, but in order to ensure that the needs of the most disadvantaged countries could be met, those at the upper end of the income scale should receive such services on a reimbursable basis. The Nordic delegations were prepared to discuss how that could be done in practice.

24. The Nordic countries attached extreme importance to the continued evolution of UNDP and would be guided in the informal negotiations by the principles he had outlined as well as by the statements made at the twenty-sixth session of the Governing Council.

25. Mr. BODDENS HOSANG (Netherlands) said that his delegation shared the ideas expressed by the representative of Denmark on behalf of the Nordic countries. It continued to support the 14 per cent growth target on which the Administrator had based his planning for the third programming cycle. It again stressed, however, that it was unreasonable to expect the handful of countries that had largely been responsible for growth during the second cycle to continue to increase their contributions at the same rate. It was unacceptable that such an important programme should depend on so few countries providing such a large proportion of the resources. A more even distribution of contributors was a sine qua non for the future health of the Programme.

26. While favouring the same broad pattern of allocation of financial resources as that used during the second cycle, his delegation would also favour some increase in the share of inter-country IPFs as compared with the second cycle. Most important, the main objective in distributing the country IPFs should be to ensure the greatest possible share for the poorest among the developing countries. His delegation's final position on the criteria determining the calculation of individual country IPFs would therefore be decided in the light of the extent to which they contributed to that overriding objective. It should therefore come as no surprise that his delegation did not favour the so-called floor principle, the maintenance of which might make it difficult to achieve that objective.

27. Since it attached great importance to the principle of universality, his delegation believed that all developing countries should be able to receive technical assistance through the Programme. However, it felt very strongly that those developing countries in the higher per capita GNP brackets were in a position to finance such assistance themselves, and it strongly urged them to become net contributors, to increase their cost-sharing arrangements with UNDP and/or otherwise to reduce their claims on country IPF resources.

(Mr. Boddens Hosang, Netherlands)

28. Any supplementary criteria for determining IPFs should be relatively simple and as objective as possible; they should not introduce too many variables and should take account of UNDP's basic policy guidelines.

29. Mrs. PHAN THI MINH (Observer for Viet Nam) expressed particular appreciation for document DP/425 and said that, with respect to the allocation of resources for the third programming cycle, her delegation supported the initiatives and general guidelines set out inter alia in paragraph 41 of that document. While preserving the universality of the Programme, they also bore witness to a sense of justice and equity which would unquestionably strengthen the role of UNDP and its impact on the development process of the disadvantaged countries. There was, of course, a dilemma in that an increase in the allocation of IPFs to the least developed countries would automatically bring about a reduction in those of other, relatively better-off countries. However, her delegation was convinced that the Governing Council would be able to find the appropriate solution to that complex situation.

30. UNDP had a role to play in the reconstruction and development of Viet Nam, an agricultural country with a population of over 50 million which was suffering the consequences of 30 years of war, including two recent wars on its south-western and northern frontiers, not to mention disastrous weather conditions which had devastated crops and irrigation works in 1976, 1977 and 1978. Despite all those adverse factors, her Government's policy was clear; its survival depended on both the defence of its national sovereignty and the rapid development of its economy in order to catch up with other developing countries. Reconstruction was a joint effort of the local population and bilateral and multilateral foreign assistance. In that connexion, she wished to express appreciation for the effective contribution made by UNDP over the past three years and to pay a special tribute to the Administrator, the regional director for Asia and the Pacific, and the Resident Representative.

31. While much had been accomplished, much was still required in order to meet the immediate needs of the population by recultivating vast areas of land, much of it mined, clearing new land, providing the necessary irrigation and drainage to ensure higher yields, and gradually re-establishing the biological and ecological balance which had been destroyed by war. Attention was also being given to processing industries, to the improvement of transport, and to the development of export industries and crafts, not to mention other improvements in agriculture, livestock, fish breeding, reforestation, soil enrichment, industrial development on the basis of the country's raw materials, prospecting for energy resources, training and research. UNDP would be called upon to play an effective role in all those areas in the coming years, thereby contributing to the economic take-off of Viet Nam.

32. Mr. Lindores (Canada) took the Chair.

33. Mr. BA-ISSA (Democratic Yemen) said it was generally recognized that the resources of UNDP, which was the central agency for multilateral development assistance, would have to be increased on a predictable basis. Conditions in the

(Mr. Ba-Issa, Democratic Yemen)

developing countries had deteriorated, and they were particularly vulnerable to the effects of inflation in the world economy. It was essential that the 14 per cent growth rate for UNDP resources be achieved and that a larger share of the Programme's resources be allocated to the lower-income and least developed countries, which had the greatest need and were the least equipped to cope with fluctuations in the world economy.

34. The criteria for determining country IPFs should be updated with a view to achieving a better quantitative and qualitative balance. In that connexion, the supplementary criteria should be taken into account, as they reflected the actual conditions and standard of living prevailing in each country. Improved criteria for determining IPFs would strengthen UNDP's role in bringing about social and economic justice in the world.

35. Mr. GADEL-HAK (Egypt) said that the issues before the Council at the present Special Meeting were of historic importance, as they had a direct bearing on the very nature of UNDP. The role of the Programme needed to be reinforced, since UNDP was the major catalyst for United Nations technical assistance. In that connexion, it was essential to maintain the principles of voluntary contributions and universality. Every State had the right of access to UNDP technical assistance, although the modalities and form of that access would be decided by the Council.

36. With regard to preparations for the third programming cycle, he stressed the importance of meeting the 14 per cent annual growth target for voluntary contributions to the Programme. Furthermore, the percentage of resources to be allocated to the countries in greatest need, i.e. those below the \$500 per capita GNP level, should be increased. The Council would have to find a just balance between allocating a high percentage of resources to the least developed countries, on the one hand, and safeguarding the principles of universality and voluntary contributions, on the other. His delegation found merit in the Administrator's suggestion that there should be a considerable increase in the proportion of inter-country IPFs. Furthermore, with regard to the use of supplementary criteria in determining IPFs, his delegation agreed with the Administrator's view that the supplementary criteria previously agreed upon for the second cycle were difficult to quantify and of little practical value. The Administrator's suggestions in paragraph 57 of document DP/425 seemed more practical and should be applied during the third cycle. With regard to transitional measures linking the second and third cycles, his delegation supported the Administrator's recommendations in paragraph 7 of document DP/424.

37. In conclusion, his delegation wished to draw attention to the New Delhi Declaration and Plan of Action adopted at the Third General Conference of UNIDO. His delegation supported the Declaration and urged the Council to take measures to give effect to it, in particular by increasing the level of financial resources available to the UNIDO Special Industrial Services Programme.

38. Mr. Vunibobo (Fiji) resumed the Chair.

39. Mr. CZARKOWSKI (Poland) observed that United Nations operational activities formed an increasingly important part of multilateral co-operation, thereby contributing to the maintenance of peace and international security.

40. The question of criteria for the allocation of UNDP resources for the years 1982-1986 was of crucial importance to the future of the United Nations development system and of UNDP in particular. His delegation believed that UNDP had reached a crossroads and that it could either continue to be a central United Nations agency for the implementation of development co-operation or decline into insignificance, with shrinking funds and a diminishing role. How its role evolved in the future depended largely on the criteria to be adopted at the current Special Meeting; any decision which the Council reached on criteria must translate the principles and goals of the new international economic order into concrete and practical action through international co-operation and must reflect fully the interests of all countries and regions.

41. The principles governing international technical co-operation were those of universal and voluntary participation in the rendering and receiving of technical assistance and respect for the sovereignty of countries participating in UNDP.

42. His delegation recognized that United Nations operational activities must in the future be adapted to the changing needs of the international community and of individual countries. As a result, the statistical data on national income to be used to calculate future IPFs should be as up to date as possible. World Bank national income data should be used only in respect of Bank members, the latest possible data on other countries would also be required.

43. His delegation also recognized the need to continue to shift the distribution of UNDP resources towards the least developed countries, but it believed that that should be achieved through a global growth in UNDP resources rather than through the arbitrary elimination of some UNDP recipients. Such elimination would cause many countries to lose interest in UNDP, and the resulting fall-off in activities would be detrimental to all countries, in particular the least developed. While his delegation was convinced that the strength and effectiveness of UNDP depended on maintaining the basic principles of universal and voluntary participation in UNDP activities, it also believed that the quality and diversity of technical assistance projects must be increased and a "new dimension" added to multilateral technical co-operation.

44. The Administrator's report to the Council's twenty-sixth session had put forward the idea of "twinning arrangements" between technical co-operation projects in more developed countries and relevant technical assistance programmes in the less developed countries. That idea warranted more detailed consideration and should be reflected in a decision on the criteria governing the distribution of resources, for it represented a valuable mechanism for ensuring that technical capabilities created in more developed countries were efficiently transferred and utilized in other interested countries or regions. Twinning arrangements could also be used for the further expansion of multilateral co-operation in the field of social development. Such arrangements represented not only an innovative approach to finding new and

(Mr. Czarkowski, Poland)

efficient forms of multilateral technical co-operation but also a practical step towards implementing the Buenos Aires Plan of Action. At the same time, they would mean a de facto partial voluntary forgoing of IPFs by some interested countries, without the negative effect of limiting participation in United Nations multilateral technical co-operation activities.

45. Some delegations had proposed that a so-called "cut-off point" should be introduced so that countries whose per capita GNP was above a certain level would not receive a country IPF in the third cycle. His delegation could not support such a proposal since it might have a serious adverse effect on the future of the Programme, which sought to achieve national and collective self-reliance as one of the means of establishing the new international economic order. Accordingly, his delegation believed that document DP/GC/XXVI/CRP.30 submitted by the Group of 77 members of the Governing Council, which provided a more realistic approach to the issue, should be taken fully into consideration at the Special Meeting in deciding on criteria for the allocation of UNDP resources in the third cycle. It should be borne in mind that, in a number of more developed countries with a relatively high per capita GNP, entire sectors of the economy still needed to be further developed by UNDP technical assistance support in order to assure those countries a balanced and diversified development. A cut-off point would not only hamper such development but also damage the world economy, in which those developing countries played a considerable role.

46. It was clear that at the present time there were insufficient resources available to UNDP to meet all the needs of all the countries participating in the Programme. The growth of UNDP resources depended to a large extent on maintaining the Programme's universal and voluntary character and on a spirit of co-operation and mutual respect among the participants in the Special Meeting. His country, for its part, was making every effort to increase its annual contribution to UNDP by 14 per cent and to achieve net contributor status in the near future.

47. Mr. KARUHIJE (Rwanda) said that his delegation was a firm believer in international co-operation, of which UNDP activities were one of the most eloquent expressions. His delegation deeply appreciated the different programmes used to promote international development co-operation and believed that the results achieved should encourage all those who were preparing for the third programming cycle, in particular the major UNDP contributors, who would thus be able to see that their efforts had borne fruit.

48. His delegation believed that in the course of the forthcoming Development Decade, if real progress was to be made through genuine development rather than the dispensing of charity by developed to developing countries, UNDP must increase its activities on behalf of the developing countries, in particular the least developed countries. Its resources would therefore have to be substantially increased, and the proposed target of 14 per cent annual growth in contributions was the absolute minimum necessary in order to do so. His delegation believed that the distribution of resources between inter-country IPFs and country IPFs must be equitable, particularly where the poorer countries were concerned. The richer and more developed countries must come to understand the needs of the least developed countries, especially those with a per capita GNP of less than \$500.

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(Mr. Karuhije, Rwanda)

49. His delegation believed that the basic criteria governing the distribution of resources must be maintained and must be based on the latest available statistics. It was also in favour of the supplementary criteria proposed in document DP/425 provided that they could be easily quantified.

50. Mr. PIZA ESCALANTE (Observer for Costa Rica) said that he joined with other Latin American delegations, in particular Ecuador, in upholding the principles of universality, co-operation and voluntary participation which governed UNDP activities. The very philosophy of UNDP as a programme of technical co-operation for development demanded that it continue to function as international machinery which enabled developing countries to acquire the technical know-how they needed in order to assume responsibility for their own development, which - through a two-way process - permitted exchanges of technology between developed and developing countries and among developing countries themselves, and which taught all countries how to help the most disadvantaged countries, so that the cumulative effects of such co-operation far exceeded UNDP's own limited possibilities.

51. UNDP could not be allowed to become just one more programme of direct aid or a bipolar programme in which the richer countries gave charity to the poorest. It was the principles of universality, voluntary participation and co-operation which made it possible for intermediate countries which were both recipients and contributors to maintain their growth rate and to bridge the technology gap between rich and poor.

52. As a result, his delegation could not support the criteria proposed in document DP/GC/XXVI/CRP.9, which weighted the Programme heavily in favour of the least developed countries and excluded from it those countries with a per capita GNP of over \$1,500. Given the current rate of inflation, many countries which were still far from being fully developed might be subject to such an exclusion. Such a proposal would destroy the principle of universality and convert the Programme into just another system of development assistance, for which it did not have adequate resources. The very idea of distributing resources according to the criteria of population and per capita income would penalize the development efforts of some countries. In that connexion, he wished to cite a SELA report dated 13 December 1979, according to which the Latin American countries had since the fifteenth session of ECLA regarded the actual development effort made by individual countries not only as a fair criterion for the distribution of IPFs but also as a technically and politically viable criterion. Thus, IPFs would not be used as a form of punishment as income increased but as a stimulus to development.

53. Costa Rica, like other Latin American countries, had agreed that its share in the benefits of UNDP should be frozen while, at the same time, it had agreed to the target of a 14 per cent annual growth rate in voluntary contributions. In addition, it was honouring its commitment to become a net contributor. It had always agreed that a large proportion of the Programme should go to the least developed countries. Accordingly, although it had proposed that 68 per cent of resources should go to countries with less than \$500 per capita GNP, Costa Rica had joined in the compromise in the Group of 77 calling for the percentage to be raised to 79 per cent, 4 per cent more than had been proposed by the Administrator. Now, however, that compromise had been unilaterally discarded and the exorbitant

(Mr. Piza Escalante, Observer,
Costa Rica)

figure of 85 per cent had been established. His delegation had been reluctant to accept the earlier compromise figure, which was to the direct disadvantage of the Latin American countries, and viewed the latest figure with considerable concern. His country had acted in good faith and in solidarity with the less fortunate countries and believed that it was entitled to the same good faith and solidarity from other countries of the third world. Only through equitable burden-sharing and solidarity could the development of the entire world be guaranteed.

54. Mr. SOUTHICHAK (Observer for the Lao People's Democratic Republic) said that the current meeting offered an opportunity to the wealthiest countries to demonstrate their real commitment to the cause of development. In considering the various proposals concerning the criteria for determining national IPFs, the Council should take into account the new goal which had emerged in the United Nations in recent years, i.e. that of achieving a genuine new international economic order and ensuring the rapid progress of the countries and groups of countries whose development levels still lagged far behind. The international community was well aware of the need to devote particular attention to the least developed of the developing countries so as to narrow the gap separating them from the affluent countries.

55. The global target for resources for the third programming cycle was reasonable, and his delegation called upon the developed countries to ensure that the 14 per cent figure was accepted so as to contribute to the development efforts of the developing countries. It felt that more substantial resources should be allocated to the national programmes of the least developed of the developing countries. As to the criteria for determining national IPFs, his delegation considered that in the light of past experience, the criterion of per capita GNP was essential and the criterion of population size should also be maintained, taking into account the possibility of adjustment by mutual agreement. While recognizing the need to retain those basic criteria, it was necessary to take into account the difficulties experienced by a number of countries because of their special situations, particularly the least developed, land-locked, most seriously affected, island, newly independent and front-line countries, especially since the resolutions adopted by the General Assembly on the subject had been taken into account by the various organs of the United Nations system concerned with development assistance.

56. His delegation felt that it was perfectly reasonable to allocate substantial resources to countries with a per capita GNP of less than \$1,000 so that a large number of developing countries would benefit from UNDP assistance. At the same time, there was justification for allocating a major percentage to the group of developing countries with a per capita GNP of less than \$500, and greater understanding would be required on the part of countries with a per capita GNP of between \$500 and \$1,000. His delegation hoped that similar understanding would be shown by the countries with a per capita GNP of over \$1,000, although that group of countries should also be able to benefit from UNDP resources to the extent that individual countries were not willing to forgo them.

(Mr. Southichak, Observer, Lao People's Democratic Republic)

57. His delegation attached great importance to the third programming cycle because the Lao People's Democratic Republic continued to benefit from the assistance provided during the second cycle and the period 1982-1986 coincided with the launching of its five-year plan. His delegation hoped that, when the IPF for his country was determined, the basic criteria, particularly per capita GNP and the situation of the least developed and land-locked countries, would be duly taken into account. It hoped for sustained support from UNDP to assist it in attaining its development objectives.

58. Mr. PIMENTEL (Brazil) observed that documents DP/425 and DP/GC/FEB.80/CRP.1 accurately reflected the concerns of UNDP member countries and objectively evaluated the practical issues deriving from the adoption of one or another methodology or set of criteria for the allocation of country IPFs. His delegation could support the Administrator's proposal for the allocation of resources as contained in paragraphs 18-21 of document DP/425. That document based its statistical exercises on the assumption that the Programme would grow at a rate of 14 per cent per year in line with the target of 14 per cent growth in voluntary contributions, which his delegation supported fully. That target should be met by not only the developing countries but also the developed world.

59. With regard to the preparations for the third programming cycle, 1982-1986, his delegation supported fully the statement by the representative of Ecuador on behalf of the Latin American group of countries. If the third programming cycle was to reassert the basic aims of UNDP, the members of the Council must reaffirm the basic principles governing the Programme, namely universality, voluntary participation and the channelling of the majority of resources to the poorest countries. His delegation could, not, therefore, accept the proposed "cut-off" concept, which ran counter to the principle of universality, or the idea of a ceiling requiring member countries to become net contributors, which ran counter to the voluntary nature of contributions. It did, however, support an increase in the funds available for the poorest countries, a concern which was amply reflected in the increased IPFs for the poorer countries for the next cycle. That increase could be achieved without excluding any country from the system, and document DP/GC/FEB.80/CRP.1 showed that all member countries currently receiving IPFs could maintain and improve them in the third cycle while resources for the poor countries increased by more than 100 per cent.

60. Some delegations had expressed support for a floor concept for the distribution of country IPFs, so that all member countries could be assured of receiving minimum funds and could therefore plan their technical co-operation needs in advance. Such a concept would also offset the detrimental effects of using per capita GNP and population as the sole criteria for determining certain countries' needs. His delegation therefore believed that the floor concept must be retained in order to prevent a drastic change in IPFs and in the situation of certain countries, especially those with small populations. While his delegation had been in favour of using per capita GNP and population as criteria for determining countries' needs, he believed that those criteria on their own were not enough and that other economic and social factors must also be taken into account.

(Mr. Pimentel, Brazil)

61. In the search for a formula which would meet the needs of all countries, his delegation was prepared to consider any suggestion which would give substantially increased resources to the poorer countries while respecting the right of other developing countries to an equitable share of UNDP resources. Under no circumstances should the principle of universality or the voluntary nature of the Programme be disregarded.

62. Mr. OTUNNU (Uganda) said his delegation believed that UNDP resources should be geared to assist the countries whose needs were greatest. It therefore hoped that a substantial share of UNDP resources for the third programming cycle would be used to benefit the poorer members of the world community and that 85 per cent of UNDP's technical assistance programme would be earmarked for the countries with a per capita GNP of under \$500. His delegation agreed with the retention of the basic criteria of per capita GNP and population size in determining individual country IPFs and also supported the supplementary criteria outlined in paragraph 57 of the Administrator's note (DP/425). It felt very strongly that, if UNDP was to maintain its effectiveness as a development agency, a 14 per cent minimum growth rate was absolutely necessary. If UNDP was to meet that target, it was imperative that developing countries with excess liquidity should contribute more to UNDP resources.

63. General Assembly resolution 34/122, entitled "Assistance for the reconstruction, rehabilitation and development of Uganda", had drawn the attention of the international community to the special needs of Uganda; his delegation hoped that at its next session the Council would have a report by the Administrator on the implementation of that resolution.

64. Mr. IVANCICH (Italy) said that Italy had expressed its general position on the problems under discussion at the Council's session in June 1979. It had substantially increased its voluntary contribution to UNDP in 1980 and was multiplying its efforts to support the implementation of specific projects at both the interregional and the country level. Nevertheless, it feared that the 14 per cent annual growth target would be difficult to achieve, as had been shown at the most recent pledging conference for UNDP, unless more countries contributed more substantially to the Programme. His delegation hoped that a solution would be found to the problem of contributions in non-convertible currencies. It was clear that the Programme had assumed such a size that its growth in real terms would be proportionately more difficult to achieve in the future; thus, in addition to counting on an increase in resources, UNDP should redouble its efforts for a reduction and rationalization of administrative and support costs as well as for effective co-ordination with the programmes of other agencies, both governmental and international.

65. His delegation believed that the criteria for allocating resources among developing countries should principally and substantially favour the neediest among the developing countries, notably those with a per capita income of less than \$500. As to the "cut-off" question, Italy continued to support the principle of the universality of the system but would encourage beneficiary countries to become net contributors starting from a certain level of per capita income. It believed that the supplementary criteria to be applied for the calculation of individual

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(Mr. Ivancich, Italy)

countries' IPFs should be similar to those applied in the second cycle and that any new corrective elements should be few and precisely measurable.

66. His delegation supported the proposal to pay closer attention to regional programmes, which, as long as they were technically valid, could contribute substantially to increasing co-operation among the various countries concerned and to a more rational distribution of the efforts of the United Nations system in its development assistance activities.

67. Mr. BANGURA (Sierra Leone) said that, at a time when the international community was ardently searching for solutions to a number of economic problems, UNDP had become the single most important source for financing technical co-operation. As one of the developing countries facing serious economic problems, Sierra Leone continued to look to UNDP as a significant source of economic support. Section VII of the annex to General Assembly resolution 2688 (XXV) clearly indicated that the Programme should not only concern itself with current policy formulation, but should also be able constantly to analyse the main trends in the evolution of the Programme in order to give it new directions and to explore new possibilities for making it more effective. His delegation was aware that the successful implementation of the decisions to be reached at the present session depended largely on the resources to be made available to the Programme. It was confident that the 14 per cent growth rate target was attainable, given the necessary political will, and it hoped that serious consideration would be given to the recommendations of the intergovernmental study group set up to consider possible options for achieving more stable and predictable financing. It fully supported the use of the 1978 World Bank per capita income figures as a principal criterion for UNDP resource allocation for the third programming cycle as well as an increase in unallocated resources in order to deal with the problems associated with erroneous computations of GNP figures.

68. His delegation strongly supported the current basic criteria for UNDP resource allocation, namely per capita GNP and population size, which had proved to be the most reasonable and least controversial. Those criteria also took due account of the universal character and purpose of UNDP. His delegation also supported the use of supplementary criteria to complement and reinforce the traditional criteria, since there was no unique way of determining individual country IPFs once an over-all percentage had been allocated. The use of the floor criterion had inherent inequities and was inconsistent with the spirit of the Programme, as it resulted in an inadequate allocation to countries with a per capita GNP of less than \$500. While it would not insist on the elimination of that criterion, his delegation hoped that a greater proportion of UNDP resources would be allocated to countries with a per capita GNP of less than \$500. In that connexion, document DP/GC/XXVI/CRP.30 did not represent a final position of the delegations concerned, and his delegation felt that it was far from meeting the needs which existed. In that connexion, it requested that between 82 and 85 per cent of total country IPFs should be allocated to countries with a per capita GNP of less than \$500 and that more favourable consideration should be given to less developed countries and others with a per capita GNP of less than \$250 as well as the most seriously affected,

(Mr. Bangura, Sierra Leone)

land-locked, island developing, newly independent and front-line States. His delegation strongly felt that the countries at a more advanced stage of development should consider becoming net contributors to the Programme since the more developed of the developing countries had a moral and political obligation to assist the relatively less developed members. It also agreed that it was necessary to establish a ceiling criterion.

69. Sierra Leone would continue to support UNDP. In that connexion, it called upon all net contributors to the Programme to make their contributions in convertible currencies.

The meeting rose at 5.30 p.m.