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GOVERNING COUNCIL

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

SUMMARY RECORD OF THE 672nd MEETING

Held at Headquarters, New York,  
on Wednesday, 13 February 1980, at 10.30 a.m.

President: Mr. VUNIBOBO (Fiji)

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

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

MATTERS ARISING FROM ACTION TAKEN BY THE GENERAL ASSEMBLY AT ITS THIRTY-FOURTH SESSION

(a) Assistance to Nicaragua (DP/427)

1. Mr. XIFRA (Spain) said that his delegation unreservedly upheld the principle of UNDP's universality. UNDP was a technical-assistance organ designed to transmit knowledge and technology. Spain was a significant net contributor to the Programme and always paid its contribution in convertible currencies even though its own currency was not automatically convertible. In 1980, its contribution would be 14 per cent higher than in the preceding year.
2. In his delegation's view, the supplementary criteria listed in document DP/GC/XXVI/CRP.7, specifically the criterion of the internal multiplier effect, could be used in addition to the basic criteria of per capita GNP and population. Unlike some other countries, Spain did not place any conditions on its contribution. It did not itself request or receive any technical assistance from the Programme, and its only requirement was that the aid should be used entirely for the benefit of all developing countries.
3. Mr. ATTAMAH-YAO (Ivory Coast) expressed his Government's gratitude for the activities undertaken by UNDP within the context of his country's development policy. He appealed to the members of the Council, especially the recipient countries of the third world, to co-ordinate their efforts to overcome their common problems and to ensure the smooth running of the Programme's future activities.
4. His delegation wished to stress the importance of the appeal, directed to both the developed and the third-world countries, particularly the petroleum-exporting countries, to increase their contributions to UNDP. It was also important to find a speedy solution to the problem of the large sums in non-convertible currency which could not be put to use.
5. While agreeing that a minimum of 14 per cent was a reasonable target for the growth of UNDP's resources, his delegation noted with regret that the \$379.3 million which Governments had undertaken to contribute at the last pledging conference fell short of that objective. It shared the Administrator's distress at the fact that if Governments did not make the necessary effort to increase the resources of UNDP, the enormous needs of the developing countries could not be met from the assets at the Programme's disposal. In connexion with the allocation of resources, his delegation favoured retention of the basic criteria of per capita GNP and population, as defined in document DP/425, and also the supplementary criteria proposed by delegations which had spoken earlier.
6. In conclusion, he drew attention to the situation in the developing countries, whose economies were experiencing serious problems as a result of the international economic crisis and which were having difficulty in achieving the goals laid down in their development plans.

Draft decision DP/GC/Feb.80/CRP.2

7. Mr. CEESAY (Gambia), introducing draft decision DP/GC/Feb.80/CRP.2 on behalf of the sponsors, recalled that at the Council's twenty-sixth session the Group of 77 had submitted document DP/GC/XXVI/CRP.30, which was intended as a contribution to the Council's debate on the third cycle. That document, although the product of very delicate negotiations behind the scenes, had met with reservations from many member countries when submitted to the plenary Council. It had therefore become apparent that new approaches would be needed in order to arrive at an equitable settlement of questions relating to the third cycle. Draft decision DP/GC/Feb.80/CRP.2 was now being submitted in the hope that it would help the Council reach agreement on those questions.

8. In the allocation of country IPFs, the draft decision was designed to ensure that countries with \$500 per capita GNP or less should not suffer if the 14 per cent growth rate was not attained and that they should receive the same benefits as would have accrued to them had that target been achieved.

9. With regard to inflation adjustments, the belief underlying the draft decision was that any such adjustments must be made on a basis equitable to all recipient countries; it was unfair to assume that some participating countries were vulnerable to the effects of inflation while others were not, although it was common knowledge that those with a per capita GNP below \$500 were the most severely affected.

10. The sponsors believed that nothing in the proposals was contrary to the Programme's principle of universality. The countries with higher incomes and higher development rates, which were clearly affected by the ceiling and cut-off principles, could continue to benefit from the Programme through such arrangements as cost-sharing and the financing of ongoing projects.

11. In conclusion, he said that in the sponsors' view, those participants which had been net recipients of the Programme's resources and which had attained a certain level of per capita GNP should begin to receive progressively less, in proportion to their GNP growth. The concept of permanent dependence on the Programme was contrary to UNDP's progressive spirit and principles.

12. Mr. ROSAS (Argentina) said that his delegation's original position, reflected in document DP/GC/XXVI/CRP.7, was that in the allocation of national indicative planning figures for the 1982-1986 cycle, the same percentage relationship between different regions should be maintained as for the 1977-1981 cycle. However, the Latin American States, which had all supported the proposals contained in that document, were not advocating the maintenance of the status quo at all costs. They were willing to be flexible in the search for an acceptable compromise. It was in that spirit that they had accepted the compromise formula reflected in document DP/GC/XXVI/CRP.30 and table 4 of document DP/GC/Feb.80/CRP.1. In so doing, they had accepted the proposal that 21 per cent of the total amount of country IPFs should be allocated to countries with a per capita GNP of more than \$500 per annum. In other words, they had accepted a 118 per cent increase for countries with a per capita income of less than \$500, as against a 30 per cent increase for the remaining countries. They believed that to go further would be to jeopardize the Programme.

(Mr. Rosas, Argentina)

13. The Latin American States planned to increase their contributions to UNDP by 14 per cent per annum. At that rate, a country that had a per capita income of more than \$1,000 and received an increase of only 22 per cent of its present IPF during the cycle would soon attain net-contributor status. Some delegations, however, had argued that the formula proposed in document DP/GC/XXVI/CRP.30 did not go far enough. They were forgetting that for many of the countries with a per capita income more than \$500, UNDP was the only programme providing assistance, whereas the countries with a per capita income less than \$500 were receiving financial resources from a number of funds within the United Nations system. They were also forgetting that even if the formula proposed in that document did not instantly transform UNDP into what they would consider the ideal, it did represent a giant step in the right direction. UNDP had not become what it now was overnight but had been fashioned over a period of time, through Governing Council decisions adopted by consensus by developing and developed countries alike. That proposals should be reasonable before they could be accepted by consensus was a basic unwritten law of the Council. Consensus was a safeguard not only for the donor countries but also for any group of countries in danger of being unfairly treated. His delegation was confident that reasonable solutions acceptable to all could be found and was relying on the able assistance of the Administrator, who had proved to be a natural mediator at critical moments in the history of the Programme.

14. Turning to the question of assistance to Nicaragua, he observed that in document DP/427 the Administrator was recommending that the Council should agree to the allocation of \$323,300 as an addition to the present IPF of Nicaragua, the amount to be met from funds available under "Future Participants, etc.". The Administrator was also recommending the approval, as an exceptional measure, of the borrowing of \$1 million against Nicaragua's third-cycle IPF for technical co-operation activities to be undertaken in 1980-1981. His delegation warmly supported those recommendations and hoped that they would be adopted unanimously by the Council. As a member of the relevant action committee of the Latin American Economic System (SELA), Argentina was co-operating in the promotion of literacy, malaria control and anti-tetanus campaigns in Nicaragua. It was training agricultural and leather-manufacturing experts and sending thousands of tons of wheat to Nicaragua, as part of its effort to help the Nicaraguan Government deal with its serious problems in the rehabilitation, reconstruction and development of the country.

15. The PRESIDENT said that the Administrator had received a telegram dated 9 February 1980 from the Government of Nicaragua expressing gratitude for the international support it had received, especially from the United Nations system, during the first months of the reorganization of the governmental structure. The Government of Nicaragua went on, however, to point out that its needs in the sphere of technical co-operation greatly exceeded the scanty multilateral and bilateral resources at its disposal. It was found that almost half of the amount of the IPF assigned to Nicaragua by UNDP for the period 1977-1981 had been spent by the previous Government on projects which did not correspond to the actual priorities of the Nicaraguan people. The unspent balance of the IPF, approximately \$2.5 million, had already been fully programmed, and the resources needed to finance both the approved projects and those awaiting approval by the Government amounted to \$6,584,200 (i.e., an overprogramming for the IPF cycle of \$4,065,563), a sum that did not even cover all the projects which had been considered priority items and which it was hoped would be financed through UNDP.

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(The President)

16. For that reason the Nicaraguan Government was asking UNDP to provide, in addition to Nicaragua's supplementary contribution \$4 million from the Programme Reserve Fund, which it believed would enable it to implement at least the most vital programmes during that period.

17. In conclusion, the Nicaraguan Government expressed the hope that the Administrator and the States Members of the United Nations represented in the Governing Council of UNDP would respond to the request of a people which, having been hard hit by injustice and violence, intended to rebuild a just and equitable society, a task for which it required the support of the international community.

18. Mr. ALBORNOZ (Ecuador) said that his delegation supported the proposed addition to the present IPF of Nicaragua. Given the dimensions of the catastrophe which had affected all aspects of the country's social and economic life, a co-ordinated effort by UNDP was needed to ensure the best possible use of additional resources.

19. He endorsed the remarks made by the representative of Argentina concerning the proportion of total country IPFs to be allocated to the various groups of developing countries. It was essential to find a desirable distribution and not to distort the essential character of UNDP as the major financing arm in technical co-operation activities for the benefit of the developing countries. In document DP/377, the Administrator had recommended that some 75 per cent of total third-cycle IPFs should be allocated to the group of countries with less than \$500 per capita GNP. The Administrator should continue to seek an appropriate solution on the basis of that recommendation. The Latin American States were prepared to exchange views with other developing countries in an effort to find a unified approach to the question.

20. The meeting was suspended at 11.30 a.m. and resumed at 12.15 p.m.

21. Mr. MAGALEFA (Observer, Pan Africanist Congress of Azania) expressed his movement's sincere appreciation for the efforts and contributions made by UNDP towards the implementation of projects submitted to the Programme for funding. The resources made available by UNDP and other specialized agencies continued to be of incalculable benefit to the people of Azania and enabled it to carry out a number of programmes intended to promote its self-sufficiency.

22. He drew the Council's attention to the plight of the millions of Africans who, through no fault of their own, had been denied the right to independence and self-determination and who remained vulnerable to maximum exploitation by the minority racist colonialists and their allies. Mankind as a whole must participate in the struggle to bring about the total liberation of the people of Azania, Namibia and Zimbabwe from the clutches of colonialism and apartheid.

23. His delegation hoped that the Council would take decisions which would make it possible for the front-line countries to shoulder the burden of the victims of racism without compromising the principles to which all Africa and progressive mankind were committed.

(Mr. Magalefa)

24. The Azanian people had been confronted by emergencies which it had found difficulty in tackling because of its oppressed situation and lack of resources. It was a dependent people seeking independence, a people anxious to take its rightful place in the family of free nations and to make its contribution towards the development of mankind. He therefore appealed to all progressive mankind and to the United Nations and its specialized agencies, including UNDP, to consider increasing their assistance to the Azanian people in its advance towards freedom.

25. Mr. MORSE (Administrator) said he agreed with the statement made at the 670th meeting to the effect that the views expressed in the debate were not irreconcilable, and he hoped that his observations would serve to suggest the nature of a possible consensus decision.

26. There was no doubt that the members of the Council wished UNDP to remain a voluntary programme committed to the transfer of technology and knowledge to developing countries and that they wanted to see UNDP continue its dynamic growth. Some believed that an average annual growth rate of 14 per cent was essential and realistic, and some even viewed that rate as a minimum. Others, however, had indicated that caution might require planning on a lower growth rate. If a consensus was not reached on a contributions planning figure at the present Special Meeting, the Council might agree to reach a consensus on allocations on the basis of an assumed 14 per cent growth rate, with the understanding that the Council would agree on a formula for adjusting the allocations when agreement on the growth rate was finally reached.

27. The need for more equitable participation in the financing of the Programme was increasingly being recognized as essential to the achievement of a reasonable over-all growth target for contributions. While that required the addition of several members to the ranks of major donors, there was also a need for more recipients that were net contributors to the Programme. He would continue his efforts to resolve the situation regarding the continuing accumulation of non-convertible currency contributions, about which the Council had again expressed concern.

28. The majority of Council members appeared to be prepared to take advantage of the opportunities in the area of intercountry technical co-operation. While some had advocated increasing the share of intercountry IPFs above 18 per cent, others had indicated their willingness to join in a consensus on the matter. An increase to 20 per cent might be envisaged, since it would be particularly useful in expanding economic co-operation among developing countries. A general view had emerged in favour of adopting a broad pattern of use of UNDP resources in 1982-1986 as indicated in table 1 of document DP/425, and statements had been made concerning the possibility of obtaining some increase in the programme reserve and in Special Industrial Services. There was also a widespread desire to maintain the current general framework for the establishment of country IPFs with the basic criteria of population and per capita GNP and objective and measurable supplementary criteria.

29. The Council was clearly determined to bring about a further substantial increase in the share of total country IPFs allocated to low-income countries,

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(Mr. Morse)

although the exact proportion was still under negotiation. Some delegations favoured, or were prepared to agree to, the retention of the floor concept, particularly if it was not at the expense of "progressivity" in UNDP resource allocation. Some delegations even favoured the introduction of some inflation-adjustment feature. On the other hand, several members had advocated the abandonment of the floor concept, while yet others had suggested that the floor should be lowered, perhaps in a selective way. It should be noted that if the Council agreed on a percentage of resources to be allocated to countries with a per capita GNP of less than \$500, modification of the floor concept would not affect the share of resources available to such countries.

30. While there seemed to be a general desire to retain the ceiling concept, at an appropriate level to be determined, a range of views had been expressed as to the specific contribution that countries at the upper end of the per capita GNP scale applicable to developing countries might make to shift IPF resources towards the low-income countries. A significant number of members had stressed the "universality" of the Programme, opposing any cut-off. Others had advocated a cut-off only in grant financing by UNDP, believing that universality would be preserved even if countries at the upper end of the income scale paid for UNDP technical co-operation. Several other members had suggested a middle way through the voluntary but substantial adoption of a net-contributor status, which could be achieved either by reducing or totally foregoing the IPF or by increasing the voluntary contribution, or by a combination. The Council might wish to provide language for such an appeal which would be more likely to achieve success than had been the case so far.

31. With a few clearly stated exceptions, it seemed to be the Council's intent to establish country IPFs on the basis of recently published World Bank data for 1978. Allowance might be made for recalculation in instances where there were significant changes by the Bank in that base-year information.

32. He had been gratified at the majority acceptance of the limited number of objective and easily measured supplementary criteria suggested in paragraph 57 of document DP/425. Similarly, he had noted a general acceptance of the 9:1 ratio expressing the relative weights to be given to the basic and supplementary criteria.

33. He hoped that if the Council wished to see some regional IPF calculations in addition to those contained in table 5 of document DP/GC/Feb.80/CRP.1, it would make that fact clear in its decision, and he observed that the Council might wish to give itself the opportunity for a mid-term review of the planning and initial implementation of 1982-1987 technical co-operation activities. Lastly, he again stressed the need to make substantial progress at the Special Meeting, so that little more than final ratification of decisions would be left for the Council's twenty-seventh session.

The meeting rose at 12.50 p.m.