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INDICATIVE PLANNING FIGURES FOR THE FOURTH PROGRAMMING CYCLE,
1987-1991

Report of the Administrator

SUMMARY

Part one of this report (paras. 1-8) provides details concerning the revision of certain country indicative planning figures (IPFs) resulting from the revision of the basic data used to calculate these IPFs, and as a result of action by the General Assembly with respect to the list of the least developed countries. The Council is requested to confirm the IPF revisions. In addition, a new methodology is proposed for affecting changes in IPFs when basic data are modified. The Council is requested to confirm the proposed methodology.

Part two (paras. 9-18) reports on the Administrator's consultation with Governments with regard to the net contributor requirements for certain recipient countries in accordance with Governing Council decisions 85/16 and 87/25.

Part one

Programme planning: Revised indicative planning figures for the fourth planning cycle, 1987-1991

I. INTRODUCTION

1. By its decision 85/16 of 29 June 1985, the Governing Council approved detailed criteria for the calculation of fourth cycle indicative planning figures (IPFs). Those IPFs are contained in document DP/1986/1; subsequent revisions for certain country IPFs are included in document DP/1986/1/Corr.1. In September 1987, revised per capita gross national product (GNP) data for 1983 were provided by the World Bank. The application of the revised data has resulted in an increase in the fourth cycle IPF calculations for certain countries. These revisions are discussed below. Also reviewed is a proposed methodology for affecting changes in IPFs when basic GNP data are modified.

II. REVISED INDICATIVE PLANNING FIGURES

2. The following table sets out the revisions to country IPF calculations which result from the most recent revision to 1983 per capita GNP provided by the World Bank in September 1987. It will be noted that only upward revisions of IPFs have been calculated. No reductions to the fourth cycle IPFs have been calculated for any country whose revised 1983 per capita GNP has increased. This same procedure was applied to the second and third programming cycle. The Administrator would appreciate the Council's confirmation of this methodology.

3. It should be noted that not all countries whose 1983 per capita GNP have decreased would benefit from net IPF increases, because of the following factors: (a) under the provisions of decision 85/16, paragraph 5 (d) (iii), a supplement was added to the fourth cycle IPFs of certain countries so that they would not receive less than 100 per cent of their third cycle IPFs. In order to benefit from an additional IPF allocation in the fourth cycle, the increase in the revised IPF must be greater than the amount previously added as a supplement; (b) in accordance with the methodology underlying decision 85/16, the GNP weight for countries with 1983 per capita GNP above \$1,464 is constant. Therefore, decreases in GNP for countries whose per capita GNP remains above \$1,464 will not result in any IPF increase.

4. The World Bank revision of 1983 per capita GNP shows two countries moving out of the group of per capita GNP below \$750, and two countries moving into that group. The IPFs of the two countries which now have a 1983 per capita GNP above \$750 are not adjusted downward while the IPFs of the two other countries are increased in accordance with their revised per capita GNP. Therefore, these calculations have a measurable, yet insignificant effect on the 80:20 distribution of IPF resources in accordance with paragraph 5 (d) (i) and (ii) of decision 85/16.

5. Following the recommendation of the Second Committee, the General Assembly, on 9 December 1987, approved the inclusion of Burma in the list of the least developed countries. Consequently, the Administrator has recalculated the IPF for Burma in accordance with decision 85/16, paragraph 5 (e) (iii), and the resulting increase in its IPF is reflected in table 1.

6. The IPF increases resulting from the recalculations will be financed from funds set aside for these purposes under unallocated resources in the resource scenario endorsed by the Council in its decision 85/16 and which prior to the adjustments to IPFs as proposed in this paper amount to \$58.848 million. The Administrator would request the Council's confirmation of the IPF revisions reflected in table 1.

III. REVISION TO PER CAPITA GNP

7. The World Bank regularly reviews its procedures for estimating GNP and the national accounts of member countries, as improvements occur in the methodology, concepts and reporting of these data. This review results in periodic revisions to GNP data, which, in certain instances, could affect the calculation of country IPFs. The increased frequency with which such improvements occur and subsequently result in changes to GNP data has important operational impacts for UNDP, since published per capita GNP data are now subject to regular retroactive revisions during a three-to-four year period. This in turn may result in continuous changes to IPFs, some of relatively minor importance, others of greater significance.

8. Accordingly, the Administrator proposes that, in the future, for the purpose of recalculating country IPFs, UNDP will consider revisions to the per capita GNP estimate for countries only within a period of one year after the establishment of IPFs for the cycle. Thereafter, for the purposes of IPF calculations, a revision to a country's per capita GNP will be considered only if it either varies 10 per cent from the original estimate or if such a revision will lower the country's per capita GNP below one of the thresholds which are of special significance for IPF calculations or for the establishment of Government obligations for local office costs (GLOC) contributions. Those thresholds are \$375, \$750, \$1,464, \$1,500, \$2,000, \$3,000 (\$4,200 for small island developing countries). The Administrator requests the Council's confirmation of this methodology.

Table 1. Revised fourth cycle indicative planning figures for selected countries based on revised 1983 per capita GNP

Countries	<u>1983 per capita GNP</u>		<u>Fourth cycle IPFs</u>		Amount of IPF increase
	85/16 database 1983	Revised data 1983	IPF as per DP/1986/1	Recalculated IPFs	
	(US dollars)		(US dollars (million))		
Burkina Faso	180	170	39 068	39 667	0 599
Burma*	180	N/A	59 339	70 684	11 345
Malawi	210	190	37 589	38 817	1 228
Rwanda	270	260	30 852	31 367	0 515
Central African Republic	280	270	20 618	20 999	0 381
Togo	280	270	20 738	21 085	0 347
Benin	290	280	24 271	24 727	0 456
Guinea	300	290	27 657	28 150	0 493
Haiti	300	270	28 175	29 655	1 480
Madagascar	310	300	33 902	34 535	0 633
Maldives	380	230	3 850	4 350	0 500
Sudan	400	390	39 289	39 774	0 485
Senegal	440	430	24 189	24 537	0 348
Bolivia	510	470	18 920	20 021	1 101
Democratic Yemen	520	510	12 853	13 058	0 205
Zambia	580	570	17 329	17 608	0 279
Solomon Islands	640	580	2 831	3 168	0 337
Egypt	700	590	30 800	33 494	2 694
Morocco	760	710	16 299	19 001	2 702
Papua New Guinea	760	720	8 356	9 916	1 560
Nicaragua	880	820	7 190	7 827	0 637
TOTAL INCREASE OF IPFs:					27 688

* New status as LDC.

Part two

Net contributor obligations during the fourth programming cycle,
1987-1991

IV. INTRODUCTION

9. At its thirty-fourth session, the Governing Council had before it a note by the Administrator (DP/1987/22), which gave information on the progress made by countries with per capita GNP above \$3,000 (\$4,200 for small island developing countries with a 1983 population of less than 1 million) towards the requirement that they achieve net contributor status during the fourth cycle. It was evident that several countries would not achieve net contributor status and might remain net recipients. Therefore, the Administrator advised the Council that, in accordance with decision 85/16, paragraphs 11-13, he intended to effect reductions to the IPFs of those countries beginning in 1989.

10. By paragraphs 1-4 of its decision 87/25, of 19 June 1987, the Council confirmed the principles established in decision 85/16 with regard to the achievement of net contributor status during the fourth cycle and requested that the Administrator continue his consultations with those countries in regard to their intention to meet the net contributor obligations. The Administrator was requested to report on the outcome to the Governing Council in February 1988. Furthermore, in view of the possibility that some countries will not achieve the required net contributor status during the fourth cycle, the Council, during the course of its consideration of this matter, received assurances that the Administrator would establish, during the first two years of the current cycle, a programming profile for those countries which would permit annual IPF expenditure of about one fifth of the fourth cycle IPF. Procedures have now been put into place which ensure that front-loading of projects does not occur with respect to such countries. The expenditure targets established for 1987 and 1988 for those countries are at a level equal to one fifth of the total fourth cycle IPF in each year, with adjustments for IPF entitlements carried over from the third cycle or borrowed from the fourth cycle. The total of project budgets approved for 1989-1991 has been limited to half of the 1988 budget target, unless firm indications were received from the Government that it will meet the net contributor obligation.

V. IMPLEMENTATION OF DECISION 87/25 PERTAINING
TO NET CONTRIBUTOR OBLIGATIONS

11. In accordance with decision 87/25, the Administrator initiated a new round of consultations with the respective recipient Governments on the net contributor provisions of decision 85/16. As part of the process of consultation, the UNDP regional bureaux were requested to obtain written statements from Governments as to their intentions to meet the net contributor obligations as well as any specific comments they may have on the implementation of paragraphs 11-13 of decision 85/16. In those instances where Governments indicated that they would not be in a

position to meet the net contributor obligations, the bureaux were requested to obtain a clear indication as to the envisaged level of their voluntary contributions to the Programme for the period 1987-1991, so that total programme expenditures, including those for local office costs, can be adjusted to the anticipated level of contributions.

12. The new round of consultations has yielded some clarification of the intentions of the recipient Governments required to achieve net contributor status during the fourth cycle. In many cases, however, the positions of those Governments are not entirely firm, as illustrated in table 2 below, which shows that 10 of the 17 countries have not communicated a formal position as to their intention to meet net contributor obligations. In those instances, the comments outlined in document DP/1987/22 may provide a collective approximation of those views. However, the position of some countries has shifted in the interim and not all of the past statements may be currently supported by the same Government. In general, the previous consultations indicated that (a) the net contributor obligations were not considered to be equitable; (b) the economic conditions for some countries have seriously deteriorated, which should abrogate the net contributor obligations; and (c) per capita GNP is held to be inadequate both as a measure of the level of economic development and as the single determinant for eligibility under the UNDP programme of technical assistance.

13. The countries listed in table 2 appear in ascending order of 1983 per capita GNP. For purposes of comparison, 1986 per capita GNP is also listed along with the fourth cycle IPF and third cycle cost-sharing.

14. The presentation of 1986 data raises a related but distinct issue with respect to the existing 17 recipient countries whose 1983 per capita GNP is above \$3,000 (\$4,200 for small island developing countries with a 1983 population of less than 1 million) and who are expected to achieve net contributor status. On the basis of 1986 data, the GNP of Venezuela would be below \$3,000, while the per capita GNP of three small island developing countries presently not included in the list of net contributor countries would be above \$4,200.

Table 2. Countries requested to achieve or maintain net contributor status in the fourth programming cycle (decision 85/16, paras. 11-13)

<u>Country/territory</u>	<u>Per capita GNP</u>		<u>4th cycle IPF</u> (millions of US dollars)	<u>3rd cycle cost-sharing</u> (millions of US dollars)	<u>Government position</u>		
	<u>1983</u>	<u>1986</u>			<u>Ac-cept</u>	<u>ac-cept</u>	<u>Un-known</u>
	(US dollars)						
A. <u>Requested to achieve net contributor status</u>							
Iran (Islamic Republic of)	3 800	-	8 800	0			X
Gabon	3 950	3 030	2 640	11 640		X	
Nauru	5 880	-	048	0			X
Territory of Hong Kong	6 000	6 630	275	047			X
Oman	6 250	5 000	1 760	5 359			X
Netherlands Antilles	6 320	6 100*	596	1 952	X		
Singapore	6 620	7 240	3 300	128			X
Trinidad and Tobago	6 850	5 140	2 200	9 261	X		
Aruba	8 070	-	364	0	X		
Libyan Arab Jamahiriya	8 480	7 170*	2 200	11 543			X
Bahrain	10 510	9 600*	1 100	3 212		X	
Bermuda	13 320	13 060*	352	088			X
Brunei Darussalam	21 140	17 570*	467	0			X
SUBTOTAL FOURTH CYCLE IPF:			24 102				
B. <u>Requested to maintain net contributor status</u>							
Venezuela	3 480	2 820	4 400	7 332			X
Saudi Arabia	12 230	8 840*	4 400	35 994	X		
United Arab Emirates	22 870	19 290*	550	7 212	X		
Qatar	21 210	16 270*	660	3 827	-	-	X
SUBTOTAL FOURTH CYCLE IPF:			10 010				
TOTAL FOURTH CYCLE IPF:			34 112				

* Indicates 1985 data.

VI. COMMENTS BY GOVERNMENTS

15. In document DP/1987/22, the responses of Governments expected to achieve net contributor status were organized according to four categories of responses. Following this latest round of consultations, the specific comments of Governments are summarized below. It should be noted that not all Governments provided specific comments on their intention to achieve net contributor status:

- (a) The Government of Bahrain contests paragraphs 11-13 of decision 85/16 with respect to island developing countries, which, the Government maintains, experience unique circumstances as recognized in Council decision 86/33. It recommends that island developing countries should be exempted from these obligations. Further, the Government suggests that 1983 per capita GNP is inappropriate to determine net contributor obligations as it fails to reflect the recent drastic drop in commodity prices and the corresponding decline in GNP;
- (b) The Governments of Brunei Darussalam and Qatar have informally indicated their acceptance of the net contributor obligations;
- (c) The Government of Gabon calls for the abrogation of the net contributor provisions because of its declining economic position. The Government seeks Governing Council approval of special relief from these provisions as well as an increase in its fourth cycle IPF. With respect to the decline in the economy of Gabon, the Administrator notes that the 1986 per capita GNP has declined to \$3,030 and is projected by the World Bank to decline further to \$2,540 in 1987;
- (d) The 1983 per capita GNP estimate for the Islamic Republic of Iran is being reviewed. Should a revision below \$3,000 be determined, the net contributor obligations would not apply to the Islamic Republic of Iran;
- (e) While the Government of Singapore has not come to a formal position on the net contributor obligation, it has accepted a lower programming level commensurate with its anticipated voluntary contributions. The Government strongly objects to its revised GLOC obligation;
- (f) The Government of Trinidad and Tobago accepts the net contributor obligation; however, it contests the revised GLOC obligation for the fourth cycle;
- (g) The position of the Government of Venezuela will be determined by the outcome of action by its legislature.

VII. SUMMARY NOTES

16. The position of several Governments with respect to their intention to achieve net contributor status has not formally been communicated. It seems likely, however, that some countries will not achieve net contributor status. Given the Council's confirmation of the net contributor provision in its decision 87/25, it is the Administrator's intention, unless otherwise instructed, to reduce programme activity to a level commensurate with anticipated voluntary contributions in those

instances where it is clear that net contributor status will not be achieved in accordance with decision 85/16, paragraphs 11-13. Limitations for programming for the period 1989-1991 will be set accordingly. Such action may, in fact, lead to the curtailment of all programme activities and would involve closure of the field offices. The issue is one, therefore, of major importance.

17. During the discussion of these issues as detailed in part one of document DP/1987/22, it was agreed in the Budget and Finance Committee that a separate discussion should be undertaken by the Council in February 1988 to discuss specific proposals by the Administrator on the basis of the new round of consultations with Governments which had not yet accepted the obligation or which were not likely to achieve net contributor status during the fourth cycle. The Administrator has designated a consultative group within UNDP, which will, inter alia, respond to this request and formulate recommendations. The Administrator's recommendations will be presented to the special session.

18. Of further relevance to part one of this report dealing with the revision of 1983 per capita GNP and with regard to paragraphs 11-13 of decision 85/16, recipient countries with 1983 per capita GNP above \$3,000, excluding island developing countries with a population in 1983 of 1 million or less and with a 1983 per capita GNP between \$3,000 and \$4,200, are requested to achieve net contributor status during the fourth cycle. 1983 per capita GNP on which the Bahamas fourth cycle IPF was calculated was \$4,060. The revised 1983 per capita GNP for the Bahamas is now \$6,330. As stated in paragraph 2 above, the practice during the second and third cycles with respect to revisions in basic data which were detrimental to the country IPFs were not given effect. On the other hand, in decision 87/25 the Council reaffirmed the obligation of countries in the above-mentioned category to meet the net contributor provisions of decision 85/16. The Administrator welcomes the guidance of the Council in resolving this anomaly.

