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SUMMARY RECORD OF THE 22nd MEETING

Held at the Palais des Nations, Geneva,  
on Wednesday, 6 June 1990, at 3 p.m.

President: Mr. POPESCU (Romania)

later: Mr. MORALES CARBALLO (Cuba)

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The meeting was called to order at 3 p.m.

PROGRAMME IMPLEMENTATION (agenda item 4) (continued)

(a) ANNUAL REPORT OF THE ADMINISTRATOR FOR 1989 (DP/1990/17 and Add.1-6)  
(continued)

1. Mr. WYSS (World Bank) said that UNDP was the primary source of grant technical assistance funding within the international community. He recalled that projects financed by the World Bank were always executed by the recipient countries in order to build national capacity. The Governments or agencies responsible for execution might not always command the necessary technical and managerial skills so that there might be a gap between what the Government was capable of doing and what actually needed to be done to execute the project. The nature and extent of the gap normally determined the types and levels of advisory and backstopping services required and the commensurate level of support costs. The technical assistance provided was built into the loans as separate and identifiable components. Those components had averaged, in total, about \$1 billion in each of the previous five years. In the case of UNDP-financed projects, specialized agencies, including the World Bank, had, broadly speaking, acted as consultants.

2. As projects became more complex because of the nature of the development process, the nature and size of those gaps and the types of technical assistance required to fill them would also change. That suggested that giving Governments the responsibility for project execution was not a panacea. It must therefore be emphasized that, if national capacity building was to be accelerated, execution by recipient Governments would continue to require carefully calibrated backstopping by consultants or specialized agencies.

3. Furthermore, UNDP, like the International Development Association (IDA), funded its activities out of contributions made by donors. The procedures for preparing, appraising, negotiating, implementing and supervising IDA credits were exactly the same as those governing IBRD loans. The survival of IDA depended very much on retaining the trust of its donors. Likewise, in order to maintain its primacy in the field of technical assistance, UNDP was duty-bound to demonstrate its fiduciary responsibility towards its donors.

4. Turning to the question of support costs, he said that the World Bank had carefully examined the various options suggested by the Expert Group in its report (DP/1990/9). As had already been said, the costs and benefits of those options were not clearly laid out in the report. Further consideration would appear to be appropriate before a final decision was made. From the perspective of the Bank as a major financial institution, the current system of fixed support costs (option IV) had the distinct advantage that it was unambiguous and could be applied uniformly. With some adjustments, the major inadequacies of the current system could be remedied. The other options were extremely complex and would almost certainly result in an increasingly cumbersome administration.

5. The Bank equally recognized the advantages of a flexible support cost system that would fully reimburse the executing agency for services rendered. However, a properly designed and efficiently implemented costing formula needed to be defined in parallel with an opening of the current tripartite arrangement to the competitive forces of the market. Such competition would,

in the long run, bring efficiency and economy to all. It must, however, be recognized that, when Governments negotiated contracts for technical assistance, there was often a substantial delay which would be likely to detract from national capacity and lead to further delays in start-up activities.

6. If the current fee structure was to be replaced, the Bank would hope that the new régime would be accompanied by special guidelines and safeguards which would establish cost patterns for different categories or clusters of services (project preparation, reviewing the work of consultants, training activities, special studies, etc.). The World Bank also strongly supported the principle that a new support cost régime should be universally applied.

7. There had been considerable discussion on the importance of capacity building in member countries and he was pleased to be able to inform the Council that UNDP, the African Development Bank and the World Bank had recently created the African Capacity Building Initiative. Its key objectives included the building of a critical mass of professional African policy analysts, economic managers and institutions to provide wider local training in policy analysis and management. The Executive Directors of the World Bank had endorsed the initiative and had approved a Bank contribution of 15 per cent of its funding. The Bank had called a donors' conference to raise \$100 million to fund the Initiative for an initial four-year period. If the Initiative proved successful, a permanent source of funding would be sought.

8. Generally speaking, the developing countries lacked knowledge and expertise in the use of modern techniques of financial risk management. With the assistance of the UNDP Interregional Project, the Bank was now able to transfer asset and liability management technology to selected groups in the public and private sectors, drawing on its own experience. The goal was the training and continued support of local core teams of specialists. The reception of the programme had been enthusiastic and training activities had already begun in Brazil, Chile, Ghana, India, Hungary, Turkey, Tunisia and Pakistan.

9. Mr. STRONG (United Nations Conference on Environment and Development) said that while the relationship between environment and development had been well articulated by the Stockholm Conference in 1972, little progress had yet been made in moving from the conceptual level to the levels at which the environment-development relationship must become functional in economic, fiscal and sectoral policies as well as in their implementation. Neither environmentalists nor environment ministries could themselves protect and improve the environment. The policies and actions which determined the quality of the environment were in the hands of the development decision-makers, including those at the grass-roots level. Those were the prime factors and they could not afford to ignore the environment for it was one of the primary resources on which economic development depended and the state of the environment was in turn one of the principal products of the development process.

10. He was greatly encouraged at the lead UNDP was taking in supporting a wide variety of programmes and projects which would give effect in very practical ways to the relationship between environment and development. Although the environment-development issues on the agenda of Eco '92 were viewed in their global context, it was at the national level where they must

primarily be addressed in practical terms. He was therefore grateful to the Administrator for inviting UNDP resident representatives to become representatives of the Conference Secretariat in their countries of assignment. In that respect, UNDP was also in a position to assist non-governmental organizations in their preparations for the Conference at the country level.

11. The Sustainable Development Network was also an extremely encouraging initiative which offered an invaluable means of providing support for the co-operative activities at the national level that would contribute to the achievement of a sustainable balance between environment and development. He appreciated the opportunity of co-operating with UNDP in establishing the Global Electronic Network and integrating it with the Sustainable Development Network. That would facilitate access by developing countries to information concerning preparations for the 1992 Conference.

12. Preparations for the Conference at the regional level were also of great importance as they reinforced the national preparatory process. The ECE region conference, held recently in Bergen, illustrated the value of examining the issues in a regional perspective. It had also provided an innovative example of participation of important non-governmental organizations in open and direct inter-action with government representatives. Their full participation was indispensable as they were effective instruments for creating public awareness of the problems, thus providing the basis for political will that was the key to action. The Bergen conference had revealed clearly the existing limits of political will on the part of a number of States of the ECE region. The importance and difficulty of the challenge faced on the road to the 1992 Conference had thus been defined clearly.

13. The central point at issue was how developing countries would obtain the new resources they would require to enable them to incorporate the environmental dimension into their national development policies and practices. Achieving an agreement on the issue would be the key to the success of the Conference. In the meantime, those steps which were both urgent and possible should be taken, such as the Global Environmental Facility which the World Bank was preparing to establish, in co-operation with UNDP and UNEP, and an agreement on funding the needs of developing countries in implementing the provisions of the Montreal Protocol.

14. He was concerned at the tendency on the part of some countries to focus their attention primarily on such global risks as those of climate change and ozone depletion. Such issues were, of course, extremely critical but it was important not to divert attention from other critical issues of more immediate urgency in developing countries, including endemic poverty, water-borne disease, desertification, the massive loss of soil and forests, the urban explosion and primary health care requirements, educational and social services and food security. Those were the real and immediate threats to the survival and well-being of most of the world's peoples. They must accordingly be seen by industrialized countries as inextricably related to the larger global risks. So that developing countries could join in ensuring the common environmental security, it was essential that they should be assisted in their struggle against poverty and underdevelopment.

15. One of the most important tasks of the Preparatory Committee of the Conference would be to define in more explicit terms the new and additional financial resources needed by the developing countries. In the early stages,

the priorities of those countries were likely to be concentrated in areas such as developing human resources and strengthening their capacity to evaluate and define their own needs as well as projects and programmes to which the international community could respond. That was an area within the mandate of the mission of UNDP.

16. Mr. SAQUMA, (Director General, Food and Agricultural Organization of the United Nations) said that support costs successor arrangements posed serious questions about the future nature and scope of United Nations operational activities. What was at stake was not only support cost reimbursement to executing agencies but multinational technical co-operation itself or, in other words, the preservation of the fundamental characteristics of the United Nations development system, including its multinational character, its political neutrality and objectivity, its non-profit motive, its capacity to adjust to government policies and priorities and to mobilize expertise from all parts of the world. Those advantages would be irreparably lost if the functions and capacities of agencies were weakened by their progressive marginalization from the technical co-operation process. Any new arrangements must preserve and strengthen those valuable attributes while obviously maintaining flexibility to adjust to changes required by a world undergoing rapid evolution. For its part, FAO had always tried to adapt itself to emerging needs, to new requirements for co-operation and to more effective modes of operation. It had always endeavoured to improve its performance. Far from objecting to changes, FAO had always attempted to anticipate them for the benefit of its member States and it remained firmly committed to taking the necessary steps to improve the coherence, quality and impact of its operational activities and to enhance their cost effectiveness. It was convinced that the quest for better quality was best achieved in close collaboration with all its partners. That was why FAO reaffirmed the continued validity of the principle of partnership, as laid down in the 1970 Consensus, which remained the corner-stone for maintaining the multinational nature of United Nations operational activities while outlining clearly the rules and functions of the different organizations in order to avoid expensive duplication.

17. Unfortunately there was a growing possibility that the partnership might be progressively weakened and the Consensus stripped of its content for the proposals before the Council would dismantle the current tripartite relationship and make UNDP the funding source, central co-ordinator and major implementing agent of its own programmes. The specialized agencies would be reduced to providing advice and producing analyses when requested. Though lacking the required technical expertise, UNDP would manage programmes and projects. Technical co-operation would in essence become a financial transfer, without much substantive content. He sincerely hoped that that was not what member States expected from a multilateral system. Furthermore, it went without saying that UNDP would then seek to build up new administrative and technical capacity, an expensive process that would merely duplicate the capacity already available in the agencies.

18. A major thrust of the proposed new arrangements for the fifth cycle would be the further encouragement of national execution by recipient countries; FAO fully supported that goal. In fact, it had actively promoted efforts in that direction. FAO knew from experience however that there were significant differences in national execution among individual developing countries and within individual sectors. The fixing of an arbitrary date for the

introduction of exclusive Government execution was both impractical and unreal. Moreover, Governments should be able to continue to have direct and ready access to the accumulated experience and capacities of the agencies of the United Nations system. Some of the proposals put forward would simply deprive the agencies of their role in favour of UNDP and the consequence would be an increase in the latter's administrative expenses. In that connection, it was worth noting that administrative and programme support expenditures, as a proportion of total UNDP field programme delivery, had risen by some 60 per cent in 10 years and currently accounted for well over 20 per cent of actual delivery.

19. A key aspect of the new arrangements would be to promote a "programme approach". Agencies would be encouraged to intensify their upstream work and the cost of such activities would be met from a special facility centrally administered by UNDP. The idea of intensifying such upstream work was fully in line with the conclusions of a recent major review exercise conducted by FAO's governing bodies, and reflected an upward surge in that type of activity which was already under way as far as FAO was concerned. FAO therefore hoped that UNDP would associate the agencies more closely than in the past with programming exercises such as round tables and NATCAPs and facilitate their access to existing financial windows like the Project Development Facility. So far, there had been little evidence to that effect. The collective demand for technical support services was to be assessed two or three years ahead and, as funds would be limited, agencies would have to compete for a share. The question arose as to how such demand would be assessed and quantified and of whether recipient countries would be interested in requesting that type of assistance under the proposed mechanism. In the absence of a clear reply to those questions, it was very difficult to judge the usefulness of the proposed approach.

20. The programme approach appeared to go hand in hand with the reduction envisaged for the role of agencies in direct project execution. But it must be borne in mind that the technical and administrative capacity of the specialized agencies had been built up over the years and at great cost and that their field operations enabled the agencies to enhance their regular programmes and, in turn, improve their ability to provide sound policy and technical advice to countries. Without field operations, the agencies would become less relevant and would lose their capacity to respond to the real development needs of recipient countries.

21. It had been recommended that the administrative costs of project support services for the fifth programming cycle be included in individual project budgets, the technical services provided by the specialized agencies then being financed in part by centrally managed funds. That assumed that the technical and administrative costs could be treated separately. In reality, administrative costs of project support were in most cases inextricably linked to the technical content of that support. Furthermore, as a significant share of project support was currently provided out of agency regular budgets, the increased costs of such an approach to recipient countries' IPFs would require careful scrutiny.

22. The idea of using institutions outside the United Nations system to implement UNDP-funded activities deserved closer consideration. The specialized agencies already availed themselves of that possibility and were ready to do more in that direction. It would, however, be detrimental to

recipient countries if UNDP were to seek such services directly, without recourse to the specialized agencies which had access to a much greater range of experts and suppliers than most consulting firms as well as to a unique technical monitoring and backstopping capacity, due to their substantive Headquarters' structures. Moreover, as those agencies were keen to maintain a long-term development perspective in their field activities, they attached considerable importance to such dimensions as the promotion of human resources and training to enhance self-reliance in recipient countries. A profit-oriented entity would be much less motivated in that respect. It would therefore be inappropriate to place the specialized agencies and private firms on an equal footing.

23. No attempt had been made to quantify the financial and organizational implications of the proposals under consideration. But the amounts in question were very significant about \$150 million to \$200 million per year, if the support costs reimbursed by UNDP were added to the contributions already provided by the regular budgets of the specialized agencies. For FAO alone, some 400 technical and administrative posts assigned to UNDP project support would be affected, and lay-offs of staff entitled to separation indemnities could cost \$40 million, not to mention the considerable human problems that would create. If such important measures were to be taken, they must be agreed upon by all parties concerned. As the current system remained in effect until January 1992, there was no valid reason to bypass the governing bodies of the agencies directly affected. On numerous occasions, those agencies had requested, in vain however, that other proposals should be considered in depth, including those that they had submitted jointly, before taking any decision.

24. A number of member States had proposed that a "framework decision" should be taken at that juncture, which would provide general policy orientation, pending the elaboration of precise arrangements. If the Governing Council pursued that proposal, such a framework decision might be considered only as a working hypothesis. It could request the Administrator and the specialized agencies to examine in detail the implications and modus operandi of the decision and submit a joint proposal in February 1991, if necessary with alternatives. Only then could a final decision be taken on an assured basis. It would also be necessary to provide for a reasonable transition period, for example five years, as had been agreed when the present system was adopted. Lastly, it was essential to specify how and to which organizations the new arrangements would apply. Tailoring them to affect only a few agencies might once again be prejudicial to the provisions of the Consensus.

25. Those considerations were submitted with the intention of paving the way to a solution acceptable for all. Such a solution would be better than the current proposals and would ensure adequate technical and administrative support for the operational activities of the United Nations system, share equitably the support costs between funding organizations and specialized agencies and provide stable and predictable support to projects and programmes. Without such a solution, the operational activities of the system as a whole might well sustain irreparable damage.

26. Mr. RICUPERO (Brazil) said that notwithstanding the winds of democracy that had swept the world in 1989, the developing countries had continued to face enormous economic hardship. Although openness and interdependence had become the watchwords in international relations, attempts to impose stricter

controls on aid to the third world seemed to confirm the assertion that the international community was less inclined to co-operate. Forty years after the launching of the United Nations technical co-operation programme, that state of affairs could not fail to cause concern. His delegation wondered what would become of the developing countries, in particular the highly indebted ones, and whether they would continue to feel the effects of the negative legacy of the 1980s. The adoption by those countries of structural adjustment programmes, intended primarily to eliminate macro-economic imbalances, had caused a general deterioration in the health, education and standard of living of the population. As recognized in the Declaration adopted by the recent special session of the General Assembly on international economic co-operation, the revitalization of economic growth and development in the developing countries was the most important challenge of the 1990s.

27. Technical co-operation could, in fact, be an effective means of stimulating economic recovery. But to that end, it must continue to promote self-reliance in the developing countries and must be in accordance with their policies and priorities. It must not be attached to conditions or hinder the transfer of know-how, in particular of a technical nature. The attention paid in the technical co-operation programmes to the human dimension and environmental protection reinforced the need to stress the transfer of technology in UNDP-funded programmes and projects.

28. In that context, his delegation paid tribute to the devotion and competence of the United Nations Volunteers for their important contribution to technical co-operation, whether in assisting UNDP resident representatives or in providing emergency assistance on an individual basis for the reconstruction programmes adopted after crises provoked by man or nature.

29. The negotiations on UNDP's fifth programming cycle would be an opportunity to make important political choices on strengthening the core funds financed by the IPFs and on increasing resources to the special funds. It was essential to increase in real terms the resources allocated to the IPFs to enable the developing countries finally to overcome their grave economic difficulties. Accordingly, it was crucial to retain for the fifth programming cycle the floor principle established by decision 85/16. The basic criteria for the allocation of resources must be adjusted to reflect the realities in the countries concerned; the supplementary criteria must also be maintained and improved. Those criteria must not be allowed to distort IPF calculations. Eighty-one per cent of total resources should be allocated for country IPFs and 19 per cent for intercountry IPFs.

30. The new concept of technical co-operation referred to by the Administrator and the role of Special Programme Resources (SPR) in ensuring programme quality were not clear. SPR-funded activities should be based on the development priorities of the recipient countries. Lastly, the deteriorating economic conditions that prevailed in the net contributor countries must be taken into consideration; the IPFs for those countries should not be reduced.

31. His delegation shared the hope voiced by the Administrator that donors would make available substantially increased resources to enable UNDP to meet the needs of the developing countries and to maintain real and sustained programme growth throughout the 1990s.



32. Mr. SHASTRI (India) said that at the time of independence, India had launched a unique model of development combining State initiatives and market forces in a democratic framework. Recent developments all over the world had vindicated the basic strengths of that approach, both in regard to respecting each country's path to development and to nurturing international co-operation for the betterment of all.

33. India was currently striving to create employment opportunities, provide for basic needs and improve the condition of women, as well as to foster better education and health, in particular in rural areas, where more than 75 per cent of the population lived. But economic diversification at rising levels of productivity was not possible without substantial scientific and technical inputs over the entire range of economic activity. For that reason, India, like the other developing countries, had high expectations of UNDP whose technical co-operation assumed particular significance against the background of the very difficult economic situation confronting the developing countries. It was, however, essential for the United Nations system to remain apolitical and objective. The developing countries must be able to learn from global experience, but attempts to impose goals that did not conform to the priorities of those countries must be resisted.

34. The relaxation of political tensions, the cessation of regional conflicts, the opportunities for disarmament and the consequent availability of resources provided an opportunity to remedy the growing imbalances in the international economy. Despite their economic difficulties, more and more developing countries had been making contributions to the United Nations funds and programmes, while the developed countries did not seem to have mastered the political will needed to augment substantially the resources they made available to the developing countries. The absence of an appreciable increase in resources would mean that the United Nations system would be unable to provide the developing countries the technical assistance needed.

35. With regard to resource allocation for the fifth programming cycle, it was important to abide by the principles derived from Governing Council decision 89/20 and General Assembly resolution 44/211. Concerning the criteria for allocating resources for country IPFs, it was important to retain the floor principle, which symbolized the universality of the Programme; to maintain the primacy of the basic criteria (population and per capital GNP); to refine the classification of recipient countries, in particular the non-LDCs; and to adopt only those supplementary criteria that were objective, well-defined and measurable on the basis of accurate published data.

36. India was in favour of greater project execution by Governments and national entities. Its experience was that national execution enabled countries to absorb technology more easily; it was also more cost-effective and was in line with UNDP's objective of strengthening capability. He trusted that it would be possible to agree at the current session on a framework regarding successor arrangements for agency support costs.

37. It was regrettable that procurement patterns almost remained confined to certain developed countries. Greater use of experts and equipment from the developing countries would help not only to reduce the costs of delivery but also to develop their human resources and technological base. He hoped that all agencies would strive to improve and refine the statistical data relating to the experts and equipment that developing countries could offer.

38. The role of the United Nations system was to strengthen the capacity for co-ordination of the recipient countries so as to ensure that individual projects were fully integrated into the national development effort. Resident co-ordinators could have a role in co-ordinating the activities and programmes of the specialized agencies and in facilitating the implementation of UNDP-funded projects.
39. The importance of Technical Co-operation among Developing Countries (TCDC) could not be over-emphasized. A number of TCDC projects with NGO participation had recently been finalized in India under the auspices of the Special Unit for TCDC, which planned to follow up that effort with a similar exercise on a global scale. At the project-development stage, TCDC arrangements offered more appropriate and cost-effective solutions.
40. With regard to the operational activities of the United Nations system, he appreciated the manner in which those officials responsible for the funds and programmes had sought to maintain delivery in spite of resource constraints. Those activities had contributed to the efforts being made in India to modernize agriculture and industry and to implement social programmes. Among the developing countries, India remained the largest donor to UNDP. He paid a tribute to the Administrator's dynamic stewardship and the excellent support provided by the UNDP Secretariat.
41. Mr. BOGUCKI (Poland) noted that the countries of Central and Eastern Europe, which were undergoing sweeping socio-economic changes, were also looking to sources of bilateral and multilateral assistance in order to make the transition from a planned to a market economy. Poland's new policy, which had the approval of the International Monetary Fund and the World Bank, was composed of two phases: stabilization and recovery. Its main goals were to deregulate all sectors of the economy, notably by systematic privatization, to balance the national budget by eliminating most subsidies, to tighten credits and impose strict restraints on wage increases and to make the national currency convertible.
42. To carry out that policy, Poland sought to avail itself of the support of UNDP, the specialized agencies and the technical agencies. In doing so, it hoped to overcome its current economic problems and to be able to pay back the debt contracted in international assistance. It therefore counted on an increased IPF allocation for the European regional programme. His delegation also supported the request by the Czech and Slovak Federal Republic to become a recipient of UNDP assistance again.
43. With regard to agency support costs, the successor arrangements should respect the tripartite principle of technical co-operation in its current form and the leading role of Governments in determining their needs and co-ordinating the foreign aid extended to them.
44. He wished to reiterate his country's full support for UNDP and its associated funds and programmes, including interregional and global projects whose importance was growing as a result of ever-increasing interdependence.
45. Mr. HARUN-UR-RASHID (Observer for Bangladesh) said that recent progress in East-West détente provided UNDP, the primary source of multilateral technical assistance, with a unique opportunity to give the 1990s a more positive aspect than that of the previous decade. The 1980s had seen

inadequate growth in the developing countries, an increase in poverty, and a fragile environment. The debt burden and economic crisis faced by developing countries, particularly the least developed nations, had deepened further. Despite some positive achievements, a great deal still remained to be done.

46. One of the most important items on which the Council had to take a decision at its current session was the level of allocation of resources for the fifth programming cycle (1992-1996), a decision which would have a binding effect on all the others. To redress the situation of the developing countries, the international community urgently needed to increase its assistance efforts. His delegation wholeheartedly supported the Administrator's proposal to double the volume of resources, but it thought that they should be increased by at least 10 to 12 per cent annually to meet the priority needs of the developing countries. The prevailing spirit of co-operation made it possible to believe that that target was achievable.

47. In distributing its resources, UNDP should give primary consideration to the elimination of poverty and therefore give greater attention to the poorest countries which should receive substantially increased financial flows without delay. During the 1980s, the 42 least developed countries had experienced a further decline in their socio-economic indices. In February 1990, for the first time they had held at Dhaka, Bangladesh, a ministerial meeting at the conclusion of which a declaration had been issued outlining an international programme of action for the least developed countries. It was essential to realize that those countries had priority requirements and that they must be provided with increased aid in the form of grants and long-term concessional loans. His delegation therefore strongly endorsed the Administrator's proposal to increase the allocation of UNDP resources to the least developed countries from 42 per cent to 60 per cent during the fifth programming cycle, and it sincerely hoped that the proposal would enjoy the unanimous support of the Council.

48. He thought that the basic criteria for the establishment of IPFs for the fifth cycle should be maintained. The supplementary criteria, which must be used in order to give sufficient weightage to the least developed countries and to poverty alleviation should be managed with caution. In any event, it was necessary to continue to allocate 75 per cent of the IPFs for basic criteria and only 25 per cent for the supplementary criteria. Any new supplementary criteria should be specific, measurable, balanced, comparable and based on consistent data. Furthermore, the ratio between country IPFs and intercountry IPFs should remain as it had been during the fourth programming cycle, i.e. 81:19. As the needs of developing countries were continuing to grow and resources could not be expected to increase substantially, it would not be prudent to increase the share of intercountry resources at the cost of country IPFs. Within the intercountry IPFs, the existing share should be maintained, subject to minor adjustments, where necessary.

49. The Administrator proposed an increase in the percentage share of the programmes financed by the Special Programme Resources (SPR) from the existing 3.5 per cent in the fourth programming cycle to 5 per cent in the fifth cycle, which would increase the allocation to SPR from \$186.5 million to \$300 million. In his delegation's opinion, such a substantial increase should be considered only in the context of the overall growth of UNDP's resources during the fifth cycle, it being understood that the Special Programme Resources were of particular importance for disaster relief and management, technical co-operation among developing countries, and aid co-ordination.

50. The Council would also have to take a decision on the future arrangements which would govern the reimbursement by UNDP of agency support costs. The Group of Experts consulted (DP/1990/9) had recommended three options rather than only one. His delegation supported that recommendation, which should be viewed in the context of the following four principles: the arrangements must be designed from the standpoint of how best to meet the requirements of developing countries; they should encourage the fullest utilization and strengthening of national capacities; they should seek to enhance programme and project quality and cost-effectiveness, in particular by facilitating the adoption of a programme approach; and, lastly, they should reflect partnership within the United Nations system. On that basis, his delegation endorsed, as an interim arrangement, the second option recommended by the Group of Experts, i.e., arrangement based on payment for support services at a standard cost and separating it from programme implementation. However, it would be necessary to accelerate, in accordance with the provisions of General Assembly resolution 44/211, the implementation of the third option, i.e. complete control of country programmes by Governments. Over the past few years, Bangladesh had achieved a very satisfactory level of utilization of its national capacity in the execution of UNDP projects. His Government had taken a number of measures to that end, for example by streamlining the technical assistance procedure, speeding up the arrangements for appointing consultants, and tying, in many cases, technical assistance to investment projects. The recruitment of national experts or consultants had been regulated. In his delegation's opinion, it would be necessary to issue guidelines, to all United Nations agencies, with a view to increasing the use of national experts. It would also be necessary, within the framework of future arrangements to be adopted in favour of national execution of programmes and projects, to strengthen the capacity of field offices, decentralize operational activities further, and increase the delegation of authority to the field.

51. Mr. Morales Carballo (Cuba) took the Chair.

52. Mrs. BRUNETTI (Italy) said that General Assembly resolution 44/211 on the comprehensive triennial policy review of operational activities for development of the United Nations system constituted a reference point for the efforts to improve the quality of multilateral co-operation; co-ordination was the corner-stone of quality and efficiency and must be pursued by the United Nations and other aid agencies, the Governments of developing countries and the donor community.

53. The country programming system could no longer be the only tool for co-ordinating technical assistance operational activities. The problem was to ensure sustainable economic growth through the struggle against poverty, illiteracy and environmental degradation, by means of an integrated approach. UNDP should help to define two new instruments of co-ordination: national programme frameworks prepared by Governments proposing a pattern of use of United Nations resources, and the operational integrated response of the United Nations system to those frameworks. The experience gained indicated that greater attention should be given to human resources development, environmental protection, and the fight against illicit drug production and abuse.

54. UNDP could continue to rely on the support of Italy, which, in 1990, would contribute about \$73 million to it. That amount was lower than her country's contribution the previous year, but during the past five years Italy had increased its contribution by an average of 8.6 per year. As it was difficult to maintain that annual rate of growth, the Italian Government had decided to give priority to those bodies which proved to be most efficient and whose approach in the field of multilateral development co-operation was closest to its own.

55. In order to maintain its basic contribution to UNDP at the desired level, the Italian Government would reduce its non-core-funding. On that point, the Italian delegation experienced the same hesitations as those expressed by other members of the Council during the informal consultations on a new aid funding strategy for the 1990s. At the beginning of the new programming cycle, the Council should perhaps review the system of separate funding for different United Nations activities placed under the UNDP umbrella.

56. On the subject of the amount of the assessment and allocation of resources for the next programming cycle (1992-1996), Italy, like the majority of donors, considered it realistic to expect a global annual growth of 6 per cent in voluntary contributions. Her delegation also endorsed the Administrator's proposal to increase to \$300 million the amount of Special Programme Resources during the fifth cycle.

57. However, her delegation could not accept that NATCAPs, round tables and country programmes should continue to be regarded as separate mechanisms. The Council might make its approval of the use of the resources requested by the Administrator subject to a discussion of the various options which UNDP might propose for integrating those mechanisms. In addition, the proposals which UNDP was to submit on the "integrated operational response" mentioned by the General Assembly in its resolution 44/211 should also take into account the need to integrate NATCAPs, round tables and country programmes.

58. As to the establishment of country IPFs, she hoped that the Council would confine itself to refining the principles it had set out in its decision 85/16 and update them rather than radically reviewing the criteria used in the fourth cycle. Some donors wished to emphasize the struggle against poverty, which was possible in the context of decision 85/16: the Council might decide to strengthen, among the supplementary criteria, those based on the status of least developed country and on extreme poverty. However, in giving the struggle against poverty greater weight, one should not distort the universality of UNDP, which should also have programmes for middle-income developing countries in the sectors where they actually needed technical assistance. Some of the proposals for reducing further the IPFs for middle-income countries would have the practical effect of ending UNDP's presence in those countries. For example, in the Latin American and Caribbean region, a network of field offices should be maintained by providing an adequate IPF for the area. A balance should be struck between needs and assistance and any unduly extreme change avoided in the existing distribution of IPFs.

59. The guidelines relating to agency support costs should be identified at the current session of the Council. In the interest of cost-effectiveness, the relationship between UNDP and other agencies in the United Nations system, especially in the field must be streamlined. Of the various options proposed by the Group of Experts in its report (DP/1990/9), the second seemed worth

exploring further. The new arrangements should promote a gradual shift to national execution of programmes and projects. That option, to be applied on a case-by-case basis, should be accompanied by budgetary transparency and a division of roles so that the agencies would finance institutional activities through their regular budget while UNDP would provide technical assistance. It was also important to promote independent, efficient quality control of the execution of multilateral programmes. In her delegation's opinion, for the time being, it would be appropriate to have a compromise solution that would include a transition period and some monitoring of results in order to avoid traumatic disruptions in the activities of the agencies.

60. Lastly, her delegation wished to draw the Council's attention to the tragic plight of refugees and displaced persons, of whom there were at least 30 million at the present time, mostly women and children. Italy had decided to finance the PRODERE programme, which addressed them and was being executed in Central America with UNDP assistance. It also endorsed in principle the recommendations contained in the report of the Administrator on the question (DP/1990/66), particularly those which sought to increase the co-operation between the Office of the United Nations High Commissioner for Refugees and UNDP, both at Headquarters and in the field.

61. Mr. Popescu (Romania) resumed the Chair.

62. Mr. HAYA DE LA TORRE (Peru) said that UNDP's work had been simplified by the confidence which it had inspired, mainly because of its neutrality, its flexibility and its universality, as well as its efficient responses to the various strategies and objectives of the developing countries. His delegation believed that UNDP's efficiency could be improved by further decentralization and delegation of authority, particularly to the resident representatives. It also considered that the universal, multilateral and voluntary nature of contributions must be maintained.

63. The widening gap between the countries of the North and those of the South made it incumbent upon the international community to increase the resources allocated to development in general and to UNDP in particular, in foreseeable, continuous and reliable conditions, and in proportion to the needs of the developing countries.

64. Peru was currently undergoing a serious economic and social crisis which was reflected in the increasing number of persons living in extreme poverty. The Government chosen in the forthcoming elections would have to introduce a stabilization programme which would have adverse consequences for the low-income population, and it was therefore necessary to maintain an important flow of international co-operation. However, other problems also hampered his country's economic development, including that of the external debt, which amounted to nearly \$20 billion. After difficult negotiations, the Peruvian Government and the IMF had concluded in December 1989 an agreement that took into account the existing situation in the country as well as the new international trends concerning the debt problem. That agreement was based on five principles: (a) it was impossible for Peru to repay its debt on the current terms of the loans; (b) the Peruvian economy would have to grow in order to increase the country's capacity to pay; (c) the debt could be reimbursed only in accordance with the country's real capacity to pay, after taking account of its requirements for growth and well-being; (d) the real value of the debt was less than its nominal value; and (e) Peru should receive a positive net transfer of resources.

65. His delegation considered that the allocation of resources during the fifth programming cycle should continue to respect the fundamental principles governing UNDP's activity, namely universality, neutrality and flexibility, and to enhance the role of international co-operation as a factor in consolidating democracies. In that connection, the priorities given to some countries should not be at the expense of others, since poverty did not respect geography. In the view of his delegation, it was imperative to increase UNDP's resources in real terms; to respect the "floor" principle in order to reserve a minimal proportion of resources to cope with the crisis in the Latin American and Caribbean region; to continue the supplementary criteria and to make provision for factors such as external indebtedness and social indicators; to retain the current apportionment of IPFs by country and region, as well as interregionally and globally; and to give priority in the allocation of Special Programme Resources to TCDC, disaster relief for the emergency programme for Central America and, among proposed new items, the funding of projects for the substitution of illegal coca cultivation.

66. Mr. VELOSO (Mozambique) said that the year 1990 marked the fortieth anniversary of the launching of multilateral technical co-operation for development within the United Nations system. For four decades the system had provided the developing countries with a useful instrument for the assistance and transfer of skills required to improve the living conditions of their citizens. The 1990s had rightly been defined by the General Assembly as the time for revitalizing the growth and development of the developing countries. In that connection, UNDP's fifth programming cycle was very important and his delegation called for a significant increase of voluntary contributions in real terms.

67. In connection with the distribution of resources among recipient countries, his delegation considered that it should be possible to reach a mutual agreement which would preserve the universal nature of UNDP and would recognize the need for priority allocations of resources to the LDCs as embodied in several General Assembly resolutions. In that connection, his delegation supported the proposal to increase to 60 per cent the level of resources to be allocated to the LDCs. It also endorsed continuation of the use of IPF as a privileged mechanism for the allocation of core resources.

68. The discussions on the successor arrangements on agency support costs were an example of a situation in which dialogue should ultimately serve the purpose of improving the performance of the United Nations system on operational activities for development and should strengthen the role of the specialized agencies in their respective areas of competence; it should also help recipient countries to assume greater responsibility over the management and execution of projects, including, whenever possible, their direct execution.

69. For the majority of the developing countries, the 1980s had been a lost decade of development. The African continent had been the worst affected by far. His delegation welcomed the proposal of UNDP to increase its activities in the critical area of refugees and displaced persons and generally endorsed the recommendations contained in the report on that issue, particularly those relating to persons displaced as a result of man-made disasters. His delegation also urged a more effective implementation of the Oslo Plan of Action, in particular, through the establishment of a focal point within

the United Nations system. In conclusion, he reaffirmed the will of the Government of Mozambique to strengthen its collaboration with UNDP and with the United Nations system in general.

70. Mr. RIVAS (Observer for Colombia) said that the position of his delegation on technical co-operation was determined by the prospects for the economic and social development of Colombia; those could be summarized in three basic trends. At the social level, there had been substantial improvement in the indicators reflecting the standard of living of the population, thanks to the implementation of programmes designed to eliminate poverty and assist low-income social groups and regions. It was however clear that the country possessed only a limited financial and logistic capability with which to fight against poverty. At the economic level, inflation control, strict debt repayment and a prudent monetary and budgetary policy had made it possible to maintain an overall balance in a difficult international environment. A modernization programme had been adopted recently in a number of fields: industrial restructuring, strengthening of the financial system, encouragement of productive internal and foreign investment, structural adjustment of services and rationalization of foreign trade. At the political level, Colombian democracy had demonstrated its vitality with the holding of free elections in difficult conditions. However, the institutions of the country continued to be threatened by drug-related terrorism in the face of which the moral solidarity of the developed countries had unfortunately not yet resulted in effective aid which would offset the enormous cost of combating a problem the causes of which were international.

71. In those conditions, the role of international technical co-operation was more important than ever, especially as the institutional development of Colombia had enabled it to build up a relatively strong capacity to absorb international aid. For Colombia, co-operation with UNDP must, in the immediate future, respond to four priorities: the fight against extreme poverty, reform of the State and public administration, modernization and internationalization of the economy, and protection of the environment. The discussions on the fifth programming cycle had confirmed that those priorities coincided largely with those expressed by other Latin American countries. While his delegation fully appreciated the serious situation of many countries in Africa and Asia, it thought that per capita income statistics should not have the effect of minimizing the urgent need to respond to the needs of the underprivileged of Latin America. More accurate indicators showed that large segments of those populations lived in conditions of poverty similar to those of the peoples of Africa and Asia. His delegation therefore urged the Governing Council to correct the downward trend in the share of UNDP resources allocated to the Latin American region. It considered it essential to reaffirm the 1970 Consensus on the allocation of Programme resources and to maintain the proportions applied during the fourth programming cycle. The "floor" principle must also be retained. In fact, to reduce resources on the basis of average per capita income was to overestimate the role of income disparity as a measure of poverty. The appropriation of resources for co-operation to public and private institutions which had already reached a certain level and degree of experience could have greater social consequences than the injection of specific responses where such a minimum level had not yet been reached.

72. Those considerations led to another observation on the administrative management of UNDP resources in the Latin American region. Their institutional capacity having grown, the Latin American Governments were currently able to execute many national projects with the support of UNDP field offices.



73. Lastly, with regard to the focus of the third regional programme for Latin America and the Caribbean, the priority areas chosen were identical with those for Colombia itself; his Government also welcomed the programme to improve the administration and the Special Plan of Economic Co-operation for Central America, which was conducive to the application of the horizontal co-operation mechanisms proposed by Mexico, Venezuela and Colombia.
74. His Government stressed the crucial importance of UNDP's support for the stability of the Colombian democracy. The assistance extended by the United Nations system to Latin America, with improved administrative mechanisms, would make it possible to achieve the objectives of peace and development to which all the countries represented at the current session of the Governing Council subscribed.
75. Mr. F. RIQUELME (Spain) said that on the occasion of the fortieth anniversary of multilateral technical co-operation for development, UNDP had given proof of its vitality with the publication of the Human Development Report, 1990, which had been particularly well received in Spain.
76. For 1990, Spain planned to augment its contribution to international co-operation to 112 billion pesetas, an increase of 29.11 per cent over 1989. The multilateral element of that co-operation amounted to 50.62 per cent, and the primary recipients were the non-financial international organizations, including UNDP. Spain's voluntary contributions to the Programme in 1990 would be more than 13.3 per cent higher than in 1989.
77. In 1962, UNDP had set up a programme for training young professional staff in the field of co-operation. An agreement concluded with Spain in December 1987 would enable 10 young Spanish nationals to be trained in 1990-1992 for assignment to UNDP field offices in a number of developing countries in Latin America and Africa. Spain would also give consideration shortly to new support modalities for the United Nations Volunteers programme.
78. Spain supported the recent changes in Eastern Europe, both bilaterally and through the co-operation developed within the European Economic Community. But co-operation with the countries of Central and Eastern Europe must in no way lead to a reduction in the resources allocated to the developing countries.
79. The economic and social changes in the developing countries were of an increasing diversity. Whereas a number of new industrial countries in Asia had achieved considerable success in the 1980s, many Latin American and African countries had been unable to improve their situation. A number of recent and forthcoming events gave reason to hope that the 1990s would be a "fruitful" decade for international development, in particular for the least developed countries: the special session of the General Assembly on international co-operation, the Second United Nations Conference on the Least Developed Countries, the New International Development Strategy, to be adopted at the forty-fifth session of the General Assembly, the eighth session of the United Nations Conference on Trade and Development and the United Nations Conference on Environment and Development.
80. The far-reaching changes currently taking place on the international scene would surely have an impact during the fifth programming cycle on questions of underdevelopment and North-South relations. In that context, three crucial factors must be taken into consideration: the evolution of the

foreign debt problem of the developing countries; the social dimension of structural adjustments; and the formulation and implementation of strategies for sustained development. The question of resources for the fifth programming cycle must be addressed with realism and moderation. In view of inflation and the state of the international financial system, it was reasonable to assume an annual growth of voluntary contributions of 6 to 8 per cent.

81. Another important issue was resource distribution between country IPFs and intercountry IPFs. There again, the above-mentioned factors must be taken into account, as well as a number of other considerations. Any unnecessary modification of the consensus that had reigned during the fourth programming cycle must be avoided. New factors must also be borne in mind, including the situation of the least developed countries. An imaginative effort was required to integrate the LDCs without violating the principle of universality or causing prejudice to the major country groups, such as the Latin American countries.

82. Spain had given careful consideration to the proposal by the Swiss delegation, but its drawbacks were such that it could not support it. The emphasis placed on the least developed countries would clearly be prejudicial to other country groups, particularly the Latin American countries. Lastly, a consensus existed on the utility and importance of the Special Programme Resources (SPR), which must help to improve the quality of the IPF-funded programmes. During the fourth cycle, SPRs amounting to \$20 million had helped to finance the Special Plan of Economic Co-operation for Central America, for which the countries of Central America had requested an extension until the end of 1994. Spain supported that request; an extension would serve as a favourable precedent for other regional groups of developing countries.

The meeting rose at 6.15 p.m.