



**Governing Council
of the United Nations
Development Programme**

Distr.
GENERAL

DP/1990/SR.23
14 June 1990

Original: ENGLISH

GOVERNING COUNCIL

Thirty-seventh session

SUMMARY RECORD OF THE 23rd MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 7 June 1990, at 10 a.m.

President: Mr. POPESCU (Romania)

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Programme implementation

(a) Annual report of the Administrator for 1989 (continued)

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The meeting was called to order at 10.10 a.m.

PROGRAMME IMPLEMENTATION (agenda item 4)

(a) ANNUAL REPORT OF THE ADMINISTRATOR FOR 1989 (DP/1990/17 and Add.1, Add.2 (Parts I and II), Add.3-5, and Add.6 (Parts I and II) (continued))

1. Mr. YLLI (Observer for Albania) said that his country could look back on 10 years of fruitful co-operation with UNDP, co-operation which it hoped would steadily increase. Albania's country programmes for the third and fourth cycles had been harmonized with national development programmes. During implementation of the third and fourth cycles, tangible results had been achieved in new areas such as information technology and telecommunications. A new institutional infrastructure had been created; a number of research workers and lecturers had been trained abroad; and the laboratory facilities of the university, which played a key role in mobilizing human resources and in the country's development in general, had been enhanced. Implementation of the country programme for the fourth cycle had been satisfactory. The institutions that had been the focal points in project implementation now acted as schools of experience, enabling more difficult tasks in the field of multilateral and bilateral co-operation to be undertaken. The mid-term review of the country programme, held in Tirana in October 1989, had increased the efficiency of co-operation with UNDP and the executing agencies. Albania's participation in 14 UNDP regional projects had opened up new possibilities for co-operation by the country's research and development institutions with their opposite numbers in other parts of the region and the world.

2. Much remained to be done in important areas such as environmental protection. His Government had given careful thought to pollution problems and had taken practical steps in the area of environmental management. It was aware of the size of the investments needed and was ready to co-operate with UNDP, as well as with interested countries and parties, multilaterally, bilaterally, regionally or interregionally.

3. With the aim of making effective use of national human and material resources, his Government had given top priority to educational and cultural policies. Education was now free for all and illiteracy a distant memory. A wide-ranging popular debate was under way on the question of increasing the period of compulsory schooling from 8 to 10 years.

4. The improvements in the economy, standards of living, education and culture had been paralleled by a gradual process of democratization and decentralization, in pace with the various stages of development. In that regard, the People's Assembly had recently approved a series of important measures authorizing the self-reliance and self-financing of enterprises, and worker initiatives, measures which would have a substantial impact on growth of production, and lead to the introduction of new technologies and higher incomes, as well as creating greater opportunities for multilateral co-operation, particularly with the United Nations agencies. The recent visit to Albania by the Administrator of UNDP would lead to increased co-operation in areas of UNDP expertise such as management, environmental protection, trust funds and special funds. As part of its efforts to strengthen multilateral co-operation, his Government had expressed the wish to open a UNDP mission in Albania, with a view to more fruitful collaboration not only with UNDP but

with all United Nations executing agencies. Such a move would be a tangible step towards strengthening UNDP's policy of making self-reliance a priority strategy, in line with General Assembly resolution 44/211. The visit to Albania by the United Nations Secretary-General in May 1990 constituted a further important step towards increased activity by the Organization in a changing Europe.

5. His delegation supported the Administrator's efforts in support of the Programme of Action for African Economic Recovery and Development, and especially the assistance extended to the peoples of Palestine and Namibia. UNDP made a valuable contribution in assisting those regions, in which millions had been reduced to misery by war and adverse climatic conditions. His delegation wished to see the international community, and especially donor countries, contribute more to the recovery of those regions. It expressed its readiness to collaborate with all other delegations in seeking the best ways of achieving the targets set at the thirty-seventh session of the Council.

6. Miss ANSTEE (Director-General, United Nations Office at Vienna) said that, despite the enormous changes the world had undergone in 40 years of technical co-operation, the similarities between the concerns that had animated the founders of what was now called the United Nations Development Programme and those facing the world on the threshold of the 1990s were startling. She was amazed, and disconcerted, to realize that many of the concepts that the Expanded Programme of Technical Assistance had been struggling to implement when she had first joined it 38 years previously were still at the forefront of the agenda. Although the term "development" per se had not yet been common currency, the Programme had seen the object of its efforts as improving human beings' living conditions in the broadest sense, and not simply as economic growth. It had supported community development; it had tried to foster popular participation; education, health and nutrition projects had figured large in its programmes. The difference today was rather one of scale, of perspective, and was inevitably coloured by hindsight, by the realization of what it had proved possible to achieve and, more significantly, of what had not been achieved.

7. The interrelationship between economic and social forces had been recognized from the outset. Since then the debate had swung back and forth, with the economic arguments usually prevailing. A synthesis between the two had not been achieved. Nor had the exalted development goals of the heady days of the early 1950s. A reappraisal was now necessary, in the light of the accumulating evidence of failure: the sharply deteriorating economic conditions in many countries, especially in the developing world; the heavy social and human cost exacted by attempts to deal with economic reversal; and the growing realization that the cost was so high, precisely because the social structure had already been fragile.

8. The relationship between the economic and the social was a two-way relationship. The same consideration had not yet been given to the social foundations of economic systems as to the economic foundations of social systems. It was, of course, recognized that social problems could not be solved by social policy alone. It must now be recognized more explicitly that neither could economic problems be solved by economic means alone. Development policy must integrate the two at the macro-economic as well as the sectoral level, in the national as well as the local area, in policy analyses as well as in operational activities. Economies were interlinked in a global

system. The proper functioning of that system was vital to all countries, especially developing countries. But at the same time, social issues and concerns were also becoming more internationalized, a process that was gathering pace, and that was particularly striking when viewed from Vienna. The current renewal of interest in social concerns arising from the pains of economic adjustment provided a new opportunity to ensure that social policy and social targets were placed at the heart of development strategies in the medium and longer term, and not simply seen as a palliative to short-term evils. Likewise, the internationalization of social concerns created new opportunities for co-operation, and indeed demanded greater co-operation among countries. It thus posed new challenges to the United Nations system, and particularly to UNDP.

9. The intricate interrelationship between many factors often considered separately was epitomized in the escalating world-wide problem of abuse of, and trafficking in, narcotic drugs. She had frequently drawn attention to the "four-D equation": the interlinkages between drugs, debt, development and democracy. Just as it was imperative to deal with all aspects of the drug question simultaneously, so it was also necessary to consider the phenomenon in the wider context of development needs, and of economic conditions conducive to drug production, of alternative opportunities as well as alternative crops, of access to markets and the assurance of reasonable prices for those alternative crops, of social and family conditions conducive to drug addiction. There had been growing recognition of those realities in the past year. In the three years since the new arrangements had been introduced in the United Nations Office at Vienna, its staff had been concentrating their efforts not only on developing their conceptual understanding of all those complex factors and of the links between them, but also on exploring how to translate them into operational terms. In that endeavour they had worked closely with other organizations and agencies active in the social sphere, including UNDP and UNFPA.

10. Looking back over 40 years, the question seemed to be not so much what to do, as how to do it. In resolving that problem, a social perspective could be of help: a social perspective based on a larger view of social policy and not simply on a sectoral view, a perspective which sought to emphasize the social aspects of all policies and insisted on seeing whether projects affected people's lives positively through increased well-being, participation, self-respect and social justice. UNDP's Human Development Report 1990 provided refreshing new insights in that direction.

11. In order to meet the challenge of the social perspective, the key words during the next decade should be flexibility, decentralization, learning and co-operation: flexibility - to reach out in new directions; decentralization - to encourage decision-making from the bottom up and popular participation; learning - from the people who knew best what they themselves wanted and needed in order to survive and prosper; and co-operation - at all levels and of all kinds. Particular care must be taken to avoid the tendency to guard one's own territory and one's own thinking jealously, and to regard them as sacrosanct.

12. The United Nations Office at Vienna (UNOV) and UNDP were already working together along those lines in several areas. They were now finalizing a programme advisory note on social policy and development, in accordance with suggestions from UNDP staff at headquarters and in the field. She hoped the

note would soon be submitted to the Administrator for circulation. At the invitation of UNDP, UNOV had reviewed a range of UNDP projects, with the aim of identifying new areas of co-operation and suggesting how UNDP might respond to requests in emerging areas of social concern, especially those that cut across traditional sectoral demarcation lines. UNOV was participating in the UNDP round table process, most recently in Chad. It was also helping with the UNDP/World Bank/African Development Bank project on the social dimensions of adjustment in Africa, both in the Steering Committee and in the field - latterly in Tanzania. In Bolivia, with the support of UNDP, UNOV was providing high-level policy advice to the Government in support of its strategy to promote broader-based development while maintaining its economic stabilization programme, and to obtain greater participation of the poorer strata of the population through expanded employment opportunities and through investment in human resources and in low-cost revenue-producing schemes.

13. With the support of the Department of Technical Co-operation for Development, UNOV was now able to provide Governments, at their request, with the services of an Interregional Adviser on Social Policies and Development, who had already visited a number of countries in Africa, Asia and Latin America. His job was to advise on strengthening national and local capacity in social policy planning, design and implementation, and to organize training.

14. UNOV continued to provide the services of an Interregional Adviser on crime prevention and criminal justice, as well as ad hoc advisory services in various areas, including the advancement of women in development roles, with the support of UNIFEM. Its work on disability had recently been strengthened, with Swedish government support, through a UNDP-based technical adviser working closely with the Disability Unit of UNOV. Thanks to the generosity of donor countries, several staff members had been made available recently, at no cost to the regular budget, to strengthen UNOV's operational capacity.

15. UNOV also managed small trust funds financed by voluntary contributions to support projects in developing countries in the areas of youth, aging and disabled persons. Most grants from those funds provided seed money for projects too small to be considered by major funding agencies, and in areas which, though crucial, often lost out in the struggle for scarce funds under the IPF system. Some led to replication on a larger scale with multilateral or bilateral financial support.

16. In September 1990, with the support of the Government of Finland, UNOV would be organizing an expert meeting on social development co-operation strategies to meet the new challenges of the 1990s. It would bring together governmental experts from departments of social affairs and those responsible for development co-operation, from both developed and developing countries, as well as experts from multilateral organizations within and outside the United Nations system.

17. In response to the growing seriousness of the drug problem, and in co-operation with the entire United Nations system, UNOV had been requested to prepare a System-wide Action Plan on Drug Abuse Control. The plan set out the current and proposed activities of all entities of the United Nations system, and outlined the resources currently available and those that would be needed for a concerted effort to combat the growing menace of drug abuse and trafficking, and of drug-related money transfers and conversions. The plan

had recently received solid support in the Committee for Programme and Co-ordination. It would also be discussed at the summer session of the Economic and Social Council.

18. UNOV's resources for tackling a wide array of issues of direct and vital concern were, alas, all too meagre. But it was convinced that, just as the quality of development and the quality of life were important, so too was the quality of the co-operation provided to member States. That was what it was trying to improve, so as to learn from the lessons of the past 40 years and to ensure that the 1990s marked a real turning-point. If that aim could be achieved, when the time came to commemorate the fiftieth anniversary of the Programme, it would be possible to celebrate the beginning of a truly new millennium in which development would assume its true significance.

19. Mr. SIAZON (Director-General, United Nations Industrial Development Organization) said that the issue of successor arrangements for agency support costs extended far beyond the question of reimbursements and reaching to the very heart of multilateralism. Given its importance, he wished to focus on that issue alone. His statement represented the shared views of the specialized agencies, on whose behalf he was honoured to speak.

20. It was universally recognized that successor arrangements should ensure enhanced project quality and maximum cost effectiveness through full utilization of the technical and managerial capacities of the United Nations system at all stages of the project cycle. That approach had been provided for in paragraph 34 of General Assembly resolution 42/196, and reaffirmed in resolution 44/211. Moreover, in Governing Council decision 88/56, Governments had reaffirmed the importance they attached to the assistance provided by the United Nations system, one of the many benefits of which was its multilateral and non-political character. The system also had a proven ability to adjust to Governments' policies and priorities, to say nothing of its capacity to draw on an unparalleled pool of accumulated knowledge and experience.

21. For its part, the United Nations system had undertaken to adapt itself to evolving circumstances and challenges. That commitment was borne out by a number of measures, such as the recent steps to enhance the role and effectiveness of the Resident Co-ordinator system. Its operational activities were not an end in themselves: they were designed to promote self-reliance, facilitate the transfer of skills and technology, further capacity building, and ensure the provision of sound and neutral technical advice to Governments. If those objectives were to be achieved, the essential integrity of the relationship implicit in the partnership between Governments, UNDP and the agencies must be preserved, and indeed strengthened.

22. Turning to the more specific questions that had emerged from the broader discussion of successor arrangements and reimbursements to agencies, he wished to deal first with the question of national execution. Its validity as a principle stood unquestioned. The wider question was how the development and use of national capacities could be enhanced most effectively, without jeopardizing the development process and the capacity of the United Nations system to further that process. The capacities of the agencies were, and would continue to be, available to Governments at all stages of the programme and project cycle. However, due account must be taken of the wide variation of developing-country needs and capacities, and of the interdependencies and range of problems transcending national boundaries. Matters were not helped

by the distinction UNDP was proposing to make between execution, something that Governments should do, and implementation, something that UNDP wished to do. That distinction, upheld by the Administrator in his proposals, merely clouded the real divisive issues, of which there were four.

23. First, the Administrator's proposals would result in unilateral modification of the fundamentals of the 1970 Consensus, reducing the tripartite partnership to a bipartite relationship between UNDP and the agencies, on the one hand, and UNDP and recipient Governments, on the other. Secondly, they ran the serious risk of marginalizing the agencies, demoting them to the status of mere purveyors of services. Thirdly, they ignored the incompatibility of the dual role to be assumed by UNDP, of central co-ordinator and major executing agency, disregarding the conflict of interest to which that might lead. Fourthly, they imposed a major financial burden on member States, which would be expected to maintain and fund staff previously covered under operational budgets, as well as bearing the cost of the appreciably larger UNDP staff that would be needed to exercise greater administrative and support functions.

24. All four issues would combine to have a deleterious effect upon development. They would divert both energies and programme resources from the task of promoting the growth and development of the developing countries. Furthermore, the proposals had been set within an unrealistic time frame. It was proposed that national execution of all projects should become a reality by January 1992. The agencies' view was that individual Governments should determine to what extent and at what pace they wished to introduce national execution, and thereafter specify the assistance they might require for that process.

25. The second major question arising from discussions concerned project quality and accountability. It was misleading to argue that agencies were "volume-driven", developing projects and making up quantities to the detriment of quality. Regardless of number, projects were always undertaken at the request of Governments, and had to be approved by both Governments and UNDP. Moreover, quality was assured by careful definition of objectives and the project framework, with appropriate provision for monitoring and reporting. While the 13 per cent reimbursement was not unimportant, it must be seen in perspective. Agencies did not develop projects merely to secure reimbursement. Even after receiving 13 per cent from UNDP, they had to subsidize projects to an appreciable degree - often more than 13 per cent - from their own regular budgets.

26. The third question related to the programme approach as perceived in the proposals. The dichotomy between the programme and project approaches reflected a basic misunderstanding of multilateral co-operation. If implemented as suggested, the agencies would be excluded from overall project work, thus denying the developing countries access to the agencies' accumulated technical experience and other essential functional services such as information standards and investment promotion.

27. The fourth question focused on the UNDP perception of involving capabilities outside the United Nations system through subcontracting. The agencies were best equipped to mobilize such outside expertise but, if the intention was to use those external capabilities without involving the agencies, the link between projects and technical expertise would be

ruptured still further, to the disadvantage of all; the agencies' hands-on contribution to the development process would be diminished while co-ordination in the field between the agencies and UNDP would be jeopardized.

28. The agencies would submit that long-term involvement in, and a genuine understanding of, a country's development at the sectoral level were of paramount importance. Those attributes, together with the synergy offered by the sum total of the agencies' other activities, were assets that private-sector contractors could not offer, just as they could not lay claim to the neutrality which was a further hallmark of the United Nations system. Moreover, private-sector contractors saddled their clients with the burden of overheads. Such considerations had been ignored by the UNDP Expert Group. Indeed, the Experts Group's options and the proposals put forward by the Administrator had one failing in common, in that both were devoid of the parameters needed to establish financial and budgetary implications for all three partners. Indeed, there was a clear risk of increasing the cost of technical co-operation through the duplication of agency functions implicit in the UNDP proposals.

29. So long as there was no indication of the cost involved, it would be fruitless to assess the impact of a new modality on the operational and regular budgets of the agencies. In the case of UNIDO, the new modality could well undermine the financial basis of the country director programmes, thus decimating the agency's presence in the field and dashing the hopes of the developing countries, which had come to rely on the valuable services provided by UNIDO field personnel.

30. The agencies were not opposed to adapting to new conditions and circumstances. What they could not accept was that the arrangements were being radically modified, endangering the very essence of multilateralism, without due consultation with the respective governing bodies and in defiance of the tripartite principle that underpinned the whole system. Only if new arrangements were discussed and designed in unison could there be any hope of establishing a clear corporate policy and framework for the United Nations system that would be perceived and accepted as such by all three partners.

31. The agencies would agree that the current system of support cost reimbursement was not perfect and it did not even offer adequate compensation for the services rendered by agencies; it did, however, have the merit of being unambiguous and applied uniformly. Some of the new proposals were not only complex, but they would also be cumbersome to administer. The agencies believed that it would be advisable to assess the possibly substantial financial impact before deciding on one option or the other. Only then would the Governing Council be in a position to reach a decision that would command the support of governing bodies throughout the United Nations system. Moreover, little or no attention had been paid to the peculiar circumstances confronting the smaller agencies; those would have to be addressed with due care in the forthcoming negotiations.

32. A welcome shift towards preserving the integrity of the system was apparent in the latest proposals put forward by the President of the Council. Those proposals also fully recognized, and placed a value on, the contributions that the agencies could make to development, irrespective of implementation

arrangements. They accepted the need for consensus and agreement between UNDP and the agencies, as well as the need to involve the agencies' governing bodies in the formation of that consensus.

33. Much work remained to be done to lend substance to the President's proposals. For example, it would be essential not only to define the roles of all three partners more precisely but also to clarify the meaning of such terms as "management" and "administrative functions". In that connection, he trusted that the principles of partnership would be strengthened. Agreement would also have to be reached on ways of enhancing national execution, particularly in view of the vast diversity of conditions and capabilities in the developing countries. That was a telling factor, as had been indicated in the Kim report on government execution. The few countries that had actively pursued the goal of national execution were finding it difficult. In 1986, national execution had accounted for 18.14 per cent of countries' IPFs; by 1989, that figure had declined to 13.35 per cent. Those figures were even more striking when it was realized that just two countries accounted for 33 per cent of all national execution, while a further four raised the percentage to 52. Development experience to date would guard against unfounded optimism that the technical capacity of developing countries would be sufficient to permit full-scale national execution in less than two years.

34. In his proposals, the President had suggested that a decision should be taken on the overall limits of levels of support costs at the thirty-seventh session, while the discussion on the rates for administrative and operational support to projects should be taken up at a later juncture. Such an approach might lead to gridlock. The elements were so closely interlinked that trying to separate them would further complicate the search for a consensus. Instead, at the current session, the Council should only take decisions that would demonstrably facilitate the negotiations envisaged for the months to come. Prudence would therefore demand that a careful assessment be made of the most promising options and a full-scale discussion held. To that end, it would be desirable to establish a joint UNDP/agency working group to work out vital details, without which no successor arrangements could become operational. Those details would encompass the identification of services to be provided by different partners under the various modalities of execution; they would also relate to the cost of those services, as well as to the manner and level at which they were to be reimbursed. Only then could the financial implications of the proposed arrangements be ascertained and the respective governing bodies enabled to adopt informed decisions.

35. UNIDO enjoyed an excellent and closely integrated relationship with UNDP. UNIDO country directors were present in the offices of UNDP Resident Representatives, who moreover represented UNIDO in the field, thus lending tangible support to the central co-ordinating role that UNDP was supposed to play. The relationship also derived strength from the fact that UNIDO was the third largest executing agency for UNDP projects. That quantitative performance was matched by qualitative gains; recent evaluations had shown that the proportion of large-scale UNIDO projects rated successful had increased by 3.9 per cent from 1988 to 1989, while the number experiencing problems had declined a further 5 percentage points over the same period. UNIDO had also maintained a close co-operative relationship with UNDP in its programmes directed towards women, the private sector, the environment and the least developed countries. Such co-operation would be further strengthened as UNIDO participated more closely in NATCAP and country programme reviews.

36. Given the strength of that relationship and its positive impact on the developing countries, he was all the more surprised by the Administrator's proposal to end everything without further ado. The proposals were all the more damaging as they struck at the core of multilateral co-operation.

37. Mr. VRAALSEN (Norway) said that the Human Development Report, 1990 had established that longer-term economic and social development in a given country was only possible with a healthy, well-educated population that also enjoyed human and civil rights and was able to participate fully in economic and political processes. Any successful development policy must fully acknowledge the role that women, half of humanity, must play. All that could be done to ensure the education, health and happiness of children also represented a vital investment in the future. Successful population policies were a prerequisite for the success of other development efforts.

38. The report had shown that developing countries had made very significant progress towards human development in the previous three decades and that North-South gaps in basic survival had narrowed considerably, even though income gaps had widened. It had stressed that the link between economic growth and human progress was not automatic and that fairly respectable levels of human development were possible even with fairly modest income levels. The key, according to the report, was how economic growth was managed and distributed for the benefit of the people.

39. Removing the immense backlog of human deprivation remained the challenge for the 1990s. In many countries in Africa and Latin America the previous decade had been lost in the sense that there had been stagnation or even reversals of human achievements. It was therefore imperative to achieve a global economic framework which was more conducive to a broad revitalization of economic development, particularly in developing countries, and to adjust the international debt strategy in such a way as to arrive at an early solution to the problem of indebtedness and to reverse the situation of net financial transfers from developing to industrialized countries. In that connection determined efforts must be made to reach ODA targets. Economic co-operation with Eastern Europe must not be increased at the expense of co-operation with and assistance to the developing countries.

40. It must be borne in mind that living standards in most developing countries were far below those in Eastern Europe. His Government therefore considered that it should be possible to assist both East European countries and developing countries in different ways without using ODA for support to the former. His delegation maintained that UNDP should continue to concentrate its assistance on developing countries, giving high priority to the poorest countries and to poor and vulnerable groups within those countries.

41. Turning to the issues of population and the environment, he noted that the largest share of resources used, and waste created, was currently the responsibility of the people who lived in industrialized countries. In developing countries the combination of poverty and population growth was damaging the environment in several of the most sensitive areas, notably deforestation and land degradation. But in developed or developing countries, the more people there were, the greater the damage to the environment. The actions which the Council would take, or would not take, would decide the speed of population growth and damage to the environment for much of the next century. That must be a basic concern in all development efforts.

42. Bearing in mind the needs of developing countries for increased resource transfers and technical assistance, it was necessary to achieve a significant overall increase in contributions to UNDP in the longer term. The target for the next five years should therefore embody a significant increase. He appealed to those who had the means to show greater generosity in their contributions to UNDP.

43. UNDP's activities should be clearly poverty-oriented and the Norwegian delegation would support proposals aimed at strengthening UNDP's poverty-alleviation efforts during the negotiations on the fifth cycle. One measure in that direction should, in his view, be the abolition of the "floor principle", which prevented the reallocation of resources to those who needed them most.

44. The successor arrangements on support costs must promote delivery of technical assistance to the developing countries according to their needs; they should also encourage self-reliance and strengthen national capacity-building. The quality and effectiveness of technical assistance must be improved and to that end it seemed desirable to shift from the current project approach to a more programme-oriented approach; the system of support costs should encourage such developments. The system should also improve the working relationship between organizations in the United Nations system and partners in the tripartite arrangement so as to achieve full and effective utilization of all partners.

45. Mr. PENZIN (Union of Soviet Socialist Republics) said that, against a background of profound changes in political thinking and growing economic interdependence, it was clear that the United Nations must make an adequate response to the impetus for the development of international economic relations which had been generated at the eighteenth special session of the General Assembly.

46. Operational activities for development constituted one of the most important aspects of United Nations efforts in the economic and social fields. Along with an increased awareness of interdependence, such issues as the internationalization of approaches to the solution of development problems, the strengthening of world-wide economic dialogue and effective use for those purposes of the existing machinery of multilateral economic and technical co-operation, including UNDP, were moving to the top of the agenda. A practical example of the attitude of the Soviet Union towards United Nations technical assistance was the initiation of co-operation with the United Nations Volunteers and the Revolving Fund for Natural Resource Exploration. There was a large potential for co-operation between the Soviet Union and UNDP, co-operation which his Government was willing to intensify.

47. Notwithstanding important changes, the basic elements of UNDP activities, such as their voluntary character, universality, assistance in the form of grants, and recognition of the leading role of recipient Governments in the distribution and use of UNDP allocated resources, remained unchanged. Of particular importance for the development of those principles on a balanced basis was General Assembly resolution 44/211 on the comprehensive triennial policy review and the corresponding report of the Director-General for Development and International Economic Co-operation (A/44/324).

48. His Government was prepared to support such promising UNDP activities as: improvement of the mechanism for integrating programmes with the economic development priorities of recipient countries; strengthening the UNDP monitoring and evaluation functions to improve the efficiency of project and programme implementation and their input into national economies; strengthening UNDP's co-ordinating role by, for example, broadening multisectoral programmes with the participation of specialized agencies; strengthening the mandate of UNDP Resident Co-ordinators as co-ordinators of all field representatives of the agencies of the United Nations system. Of particular importance in that regard was the growing tendency within UNDP to rely increasingly on the programme approach rather than the project-by-project approach. Such a process, if continued, should result in the more comprehensive development of aid recipients, as well as financial savings.

49. The positive experience of multilateral technical co-operation accumulated over the past 40 years, together with new, traditional or promising approaches, and the existing financial, production and management capabilities of UNDP, UNFPA and the specialized agencies, should be utilized to promote on a priority basis the all-round solution of complex economic and related environmental and population problems of the developing countries, and especially the least developed countries. Further relaxation of tension between the East and West, which was basically aimed at producing an integrated structure for the entire world community, should also fully reflect the interests of the developing countries.

50. Advocating the internationalization of approaches to development problems, his delegation believed that consideration should also be given to the debt problem. Given the diverse experience of the United Nations and its specialized agencies, it should be possible to embark on the formulation of general principles of debt management shaping the political framework for future substantive negotiations between creditors and debtors. Substantial financial resources, including resources for technical assistance, could be released as a result of the reduction of armaments and the conversion of military industries. The positive processes of détente and the settlement of regional conflicts held out the promise of a reduction in multi-million expenditure on arms and military forces in the third world.

51. An important element of the current session concerned the preparation of the fifth programming cycle. In view of the expected moderate rate of growth of voluntary contributions, the most efficient utilization of financial resources, including those in non-convertible currencies, assumed particular importance. His Government was prepared to co-operate with UNDP in the search for ways to use accumulated roubles for the purpose of meeting the technical assistance needs of the developing countries. His delegation also looked forward to examining new proposals by the Administrator.

52. Bearing in mind the need to resolve outstanding technical assistance problems on an integral basis, it seemed appropriate to give due support to the Administrator's proposal to increase the share of resources allocated to regional, interregional and global programmes, with a view to meeting the interests of all countries in a balanced manner. His delegation would not object to an increase in Special Programme Resources from \$189.5 million in the fourth cycle to \$300 million in the fifth. A growing number of countries seemed to recognize the importance of allocating those resources for

environmental control, development of social structures, technical and advisory assistance in the event of natural disasters and major industrial accidents, and promotion of the economic development of countries during the transitional period.

53. Without prejudging the results of the work done by the group of advisers on the support costs of specialized agencies, his delegation based its position on the desirability of maximum reimbursement by UNDP and UNFPA of the expenditure of specialized agencies on support costs related to their technical assistance activities. He endorsed the recommendation that support costs should be divided into two categories: general sectoral support of a technical nature from the general resources of UNDP; and operational and administrative support for project execution to be financed from counterpart funds by recipient countries. The advisability of retaining the former system of support cost compensation from UNDP common funds for small agencies in the United Nations system, which provided for 13 per cent compensation of the funds used, was evident. Nor did his delegation object to the use of individual support cost compensation schemes for each of the agencies concerned by establishing objective criteria as a basis for equitable partnership with UNDP.

54. Among the important initiatives within UNDP, the management development programme provided a means of disseminating management experience among a wide range of countries. In his delegation's view, the programme should not be seen as one of development management, which was the sovereign right of each country. Since UNDP activity in that direction could duplicate the work of DTCD, it was important to ensure clear inter-agency co-ordination. In general, the question of ensuring balanced and orderly relations between UNDP and the various United Nations bodies and specialized agencies was of critical importance in the light of the need to adapt activities to the interests of developing countries and bring the decision-making process closer to the standards of recipient countries.

55. His delegation believed that the active integration of the Soviet Union and other East European countries into the world economy would contribute to its balanced and sustained development. In that connection, the implementation of the concluding document of the Bonn Economic Forum was of special importance. Progress towards the establishment of a common European economic region which would be integrated into the world economy was in the interests of all countries, including the developing countries. It was not by chance that many developing countries were among the 42 founder members of the European Bank for Reconstruction and Development.

56. Within that process, which included a major transformation of the economic and financial infrastructure, the potential of Eastern Europe as a dynamic trading partner, a prospective market, and a source of financial resources and technologies would be strengthened. The realization of that potential would require intensive efforts by all concerned to develop modern forms of co-operation, including the organization and implementation of technical assistance. It was in that context that his delegation viewed the attention paid to Eastern Europe by the organizations in the United Nations family, including UNDP.

57. The transition to a regulated market economy which was taking place in the USSR would provide new opportunities for the participation of Soviet firms

in the implementation of technical assistance projects, particularly in the supply of equipment and technologies and in subcontracting activities. UNDP should give the necessary impetus to that process.

58. Mr. QUALI (Algeria) said that the Council was meeting at a time when the developing countries were encountering considerable difficulties and their dependence on foreign assistance was continuing to grow. Many developing countries were currently engaged in a process of structural reform that would not yield results until much later. More than ever before, UNDP development assistance must be stepped up in order to meet current challenges and inspire hope among the countries of the third world. The efforts made by UNDP, important though they had been, remained dramatically inadequate.

59. The Consensus of 1970 on the distribution of resources for development must continue to serve as a basis for the Council in its preparation of the fifth programming cycle. The main principles guiding the preparation of the previous cycles should likewise be retained. Any scenario that was based on zero growth in real terms ignored the commitments made by the international community in the relevant United Nations resolutions.

60. A substantial share of resources for the fifth cycle must continue to be allocated to the least developed countries. It was, however, unacceptable to play off the developing countries against each other during the debate on the allocation of resources; such an approach represented an attempt to avoid tackling development problems head on. Any increase in assistance to the least developed countries and to the low-income countries must not be to the detriment of other developing countries that had been regular beneficiaries of technical assistance in the past. Whereas the least developed countries deserved generous increases in resources, the middle-income countries must also be able to count on more resources to help their economy move forward. The basic principles underlying operational activities for development also implied complete respect for the "floor" concept, which had been enshrined in the Consensus of 1970 and reaffirmed in the four previous programming cycles. His delegation also attached great importance to maintaining universality.

61. Resource estimates entailed adopting appropriate adjustment mechanisms to counteract erratic exchange rate fluctuations that seriously eroded contributions made in certain currencies, thereby impairing programme efforts. Although widely regarded as an inadequate means of reflecting the real economic needs of the countries concerned, the basic criteria of GNP and population continued to prevail for the purpose of allocating resources. His delegation regretted the abandonment of the proposed international comparison initiated during the preparations for the fourth programming cycle with the aim of producing reliable yardsticks for estimating real GNP. His delegation reiterated its suggestion that, when calculating GNP, updated statistical and financial data should be taken into account in order to remedy the shortcomings of the basic criteria. Other criteria had long been adopted in order to remedy that situation, and any additional criterion introduced should be in line with that principle. The proposal to create a category of so-called heavily indebted countries which would replace the two traditional indicators of indebtedness adopted for the fourth cycle did not seem to be objective and might automatically exclude countries such as Algeria.

62. The current priorities of the United Nations system constituted the basis for the Administrator's proposal to devote a substantial amount to promoting

environmental protection activities, an objective which his country fully supported. Without underestimating the gravity of the many dangers to the environment, his delegation considered that explicit reference should be made to efforts to combat drought and desertification, which had been recognized as global environmental threats.

63. His Government had always attached considerable importance to the role of UNDP as the main element of multilateral support for the development efforts of the developing countries. The need for UNDP and the United Nations system to adjust to pressing development requirements fully justified the prevailing views expressed concerning UNDP's role in the 1990s. The views on the future role of UNDP should be included in a global approach that took account of the external factors of the current development crisis, methods for reviving the North-South dialogue and the establishment of the new international economic order. Although a re-examination of the role of UNDP was very necessary, his delegation considered that the programme did not need a new role as much as a role strengthened through the practical application of the principles contained in the 1970 Consensus and the 1975 New Dimensions. Nevertheless, certain aspects of the functioning of UNDP could be improved.

64. While fully supporting the Administrator's proposal that financing targets for the fifth cycle should be doubled and those for the sixth cycle tripled, his delegation wished to stress the need for thorough consideration of increased mobilization of resources by UNDP for financing technical co-operation. UNDP was a financing body that differed in nature, mandate and objectives from the Bretton Woods institutions. Its autonomous character must therefore be retained, even though improved co-ordination between those financing bodies was necessary.

65. The relationship between UNDP and other multilateral financial institutions, in particular the World Bank, should be regarded as complementary but without conditionality. Because of the limited resources at the disposal of Resident Co-ordinators and the existence of a certain amount of competition between UNDP and the executing agencies, the role of co-ordinating technical co-operation activities had not been properly carried out. Perhaps more specific steps should be taken towards greater decentralization to UNDP's field offices, which should be staffed by sufficient highly qualified personnel.

66. While highlighting the special role of UNDP in providing recipient countries with effective support in the formulation of their programmes, his delegation considered that its primary mandate remained that of a central source of financing in the United Nations system for development co-operation activities, whose execution should be the responsibility of the Governments of the countries concerned, in the first instance, and the executing agencies if the countries so wished. In that context, UNDP would co-ordinate and evaluate the implementation of country programmes in close co-operation with the Governments of the recipient countries concerned.

67. It was to be hoped that future support costs arrangements would make it possible to improve substantially the working relationships between UNDP and the agencies, and hence improve their performance, particularly with regard to the quality of technical services provided.

68. UNDP and all the institutions in the United Nations system should give greater attention to the promotion and implementation of TCDC activities and projects. However, the developing countries themselves should be convinced of the undoubted value of that form of technical co-operation. Reaffirming the validity of the Buenos Aires Plan of Action, his delegation considered that human and financial resources more closely adapted to current needs should be allocated to TCDC.

69. Mr. TOMIC (Chile), referring to the Human Development Report, 1990, said that at its current session the Council was considering for submission to member States a conceptual framework relating to human development that was based on a new method of evaluation. His delegation welcomed that new framework, which it found stimulating, but disagreed with some of its criteria for evaluating the quality of life in developing countries. The report attempted to quantify development by incorporating real income figures, literacy and life expectancy, in order to create a single human development index. In accordance with that index, his own country's position appeared to be distorted and unrealistic. For example, according to that index, it would be the most developed country in the developing world and have an index much higher than that of all socialist countries, with the exception of the German Democratic Republic and Czechoslovakia. Consequently, a reader with no knowledge of Chile would inevitably conclude that it was a developed country. The figures given for Chile could be used as an argument for reducing the resources to be allocated to it in the fifth programming cycle. Although the case of Chile was the one which attracted the greatest attention, according to the report Latin America in general had the highest average development. That could lead to mistaken efforts to reduce the IFPs affecting the 340 million inhabitants of the continent.

70. His delegation stressed the importance of the 1970 Consensus which, through the principles of universality and unconditionality, constituted the cornerstone of UNDP action. In its view, a more detailed analysis should be made of Special Programme Resources in order to maintain at all costs the amounts of national IPFs in the next programming cycle. His delegation attached great importance to the national execution of projects. National execution was one of the most useful tools available and should be expanded in pursuing the targets set by national authorities. In that connection, each Government had the right to determine how and when it wished to use that modality, taking into account its national requirements and capacity. In that connection, he supported the views expressed in the Council concerning the specific role of specialized agencies at all phases of any given project. The relationship between UNDP and the specialized agencies should be redefined. He stressed the need to preserve the tripartite system of Governments, UNDP and specialized agencies and to strengthen the capacity of all those institutions to make a maximum contribution to the development process.

71. Mr. LACARTE-MURO (Uruguay) emphasized the particular importance that his country had always attached to UNDP activities. It was the universal nature of its work that had enabled the Programme to be present in all the countries of the world, and his delegation rejected any proposals that, directly or indirectly, might jeopardize that principle. Any decision to modify the basic principles of UNDP must be taken by the General Assembly, and not by the Governing Council. In that context, it was worth recalling the need for consensus when adopting decisions. As contributions were made in the form of donations, a voting system with weighted voting rights was inappropriate.

72. The discussions on the fifth programming cycle were taking place in a very unfavourable context for the developing countries in general and for the countries of Latin America and the Caribbean in particular. Although the world-wide trend towards democracy was a positive factor, no democracy in the developing countries could be regarded as stable as long as the conditions brought about by an unprecedented economic crisis persisted. In the 1980s, developing countries had been hard hit by macro-economic imbalances, the heavy burden of foreign debt, difficult access to markets for their exports owing to persistent protective measures in the industrialized countries, and the growing gap in scientific and technological knowledge. In order to meet those problems, the developing countries had been carrying out fundamental and structural adjustments, which could only be implemented at high social cost, especially for the most vulnerable segments of the population. Uruguay had been no exception to that state of affairs.

73. The fifth programming cycle must ensure an increase in resources in real terms in order to make an appreciable impact on development goals while avoiding those options that entailed reductions in the percentage and constant value of resources for certain categories of countries. The "floor principle" was of vital importance in that regard and must be maintained in its entirety. While priority must continue to be given to the most needy countries, a decrease in resources for middle-income countries would imply that UNDP did not attribute an important role to them. That would be detrimental to the principle of universality, the corner-stone of the United Nations system of operational activities. Any increase or decrease in comparison with the fourth cycle must be distributed among all developing countries in accordance with that principle.

74. The criteria of per capita GNP and population should be made more flexible for the purposes of the overall distribution of resources. Greater emphasis should be placed on such criteria as the foreign debt problem, the decline in earnings owing to difficulties in market access and the growing deterioration of social conditions as a result of the widespread economic crisis.

75. The proportion set in the fourth cycle for total IPF resources for intercountry programmes (19 per cent) was appropriate. With regard to the distribution of those resources, Uruguay preferred the order adopted during the first cycle: resources for regional programmes first, followed by interregional programmes and, lastly, global programmes.

76. Also on the question of supplementary criteria, ecological factors had not been adequately taken into account and the "social justice" factor should not be eliminated, because that would prejudice those countries which respected human rights and had efficient legal systems.

77. With regard to the allocation of Special Resources, that subject should be considered in the light of the results of the negotiations on other criteria, although in principle his delegation would view favourably an increase in resources for those programmes. Priority should be given to TCDC and to the management training programme.

78. Uruguay supported the inclusion in the special funds of funds for the programme of economic co-operation with Central America, for the initiative launched by a number of countries to establish special crop substitution

programmes in order to alleviate the drug problem, and for dealing with environmental questions and the elimination of extreme poverty. With regard to the proposal made by the Administrator, the resources for certain activities could be reduced, for example for internal co-ordination, the contingency fund and the human resources development report. Although the introduction of the "human dimension" in technical co-operation was a positive element, the report had unfortunately been based on the idea that the bulk of technical co-operation resources should be allocated to the relatively less developed countries, and it was on the basis of that assumption that the human development index had been devised. Furthermore, the indicators used to create that index were inadequate and did not reflect actual states of development and technical co-operation needs. Another element of the report that worried his delegation was that the indicators referred solely to the internal situation of a country without taking into account the external context. It would be advisable to revise the report so that it also took those variables duly into account. It would also seem appropriate to eliminate the conditions and categories currently employed so as to achieve more equitable geographical distribution with regard to the experts chosen for the preparation of the report.

79. The future of UNDP in the 1990s was an important question that his delegation would like to study in greater detail, and should be examined on another occasion. With regard to the implementation of General Assembly resolution 44/211, his Government wished to refer to the role the specialized agencies should play in technical co-operation. The tripartite relations between the agencies, Governments and UNDP had grown closer and co-operation more complex. The problem was not to rewrite the original roles of the three, but to co-ordinate current functions more efficiently, while respecting the specialization that had developed over time. Under a general tripartite relation, Governments must assume the guiding role of programming and implementation, while at the same time collaborating with UNDP and the agencies in both project financing and implementation. That obviously required a degree of flexibility in order to avoid applying identical systems to different situations.

80. As to administrative costs, the Council should take into account the gradual increase in the number of projects executed by Governments, the gradual reduction in the number of projects executed by the agencies, and lastly, the need for UNDP and the agencies, and not Governments, to propose implementation of the changes suggested.

81. Mr. NICULESCU (Romania) said that the relaxation of international tension and progress towards freedom and democracy in Europe and throughout the world would have encouraging effects on efforts to tackle development problems. In Romania, a revolution had taken place in December 1989, and the Romanian people had made a firm, irreversible commitment to the values of democracy, pluralism, human rights, a market-oriented economy and a foreign policy of openness. His Government welcomed the assistance extended to it by UNDP and would be grateful for any new support in its time of need. His delegation stood ready to join UNDP in its efforts further to improve its policies and operational methods.

82. His Government was pleased that, as noted in the Administrator's report, further progress had been made in 1989 in improving programme quality and

project implementation. It welcomed the 8 per cent increase in project expenditure compared with 1988 and the 5 per cent increase of contributions to UNDP and trust funds administered by UNDP for 1990 over the 1989 level. The trend was in the right direction, but the rate of increase was far from satisfactory. A predictable, steady increase in UNDP resources should become a major element of the funding strategy.

83. In the 1990s, UNDP should step up its efforts to share the knowledge, skills and technological research that most countries could not afford and to co-ordinate multidisciplinary work with other United Nations development bodies. The thirty-seventh session provided a good opportunity to formulate guidelines for sharing responsibilities in meeting the challenges of the future. The heavy burden of foreign debt, falling commodity prices, the consequences of the structural adjustment process, the reduction in public spending and the growing need for external sources of assistance were problems that were likely to continue for some time. As a developing country, Romania shared the fundamental concern of the third-world countries to find solutions to underdevelopment problems.

84. The countries of Central and Eastern Europe were undergoing radical reforms on the road to a market economy, and in that context his delegation welcomed the idea of setting up a special unit for those countries within the Regional Bureau for Arab States and Europe. UNDP must also increase its work in such priority fields as environment, human resource development and the application of modern technology to development. Environmentally sound development had become essential for all countries. In order to meet that need, additional resources and access to clean and non-waste technology had become essential.

85. The increasing awareness of the human dimension of development called for special emphasis on education, training, health, nutrition and housing. As pointed out in the conclusions of the Human Development Report, 1990, growth alone was no guarantee for human development. Priority attention should be given to fostering co-operation in the field of science and technology, a fundamental factor for economic growth and social progress.

86. With regard to operational methods, particular attention should be given to enhancing technical co-operation by improving cost effectiveness in the use of resources, promoting new forms of technical co-operation based on closer co-operation between development agencies and partner countries, and adopting multisectoral approaches to problems transcending national boundaries. His delegation supported the recommendation for action on strengthening TCDC and the increased share of TCDC in Special Programme Resources.

87. Those issues should be borne in mind when deciding on concerted action regarding the level of contributions for UNDP's core budget, the allocation of resources for the fifth programming cycle, and various programmes and projects for the new cycle. Decisions on national execution and successor arrangements for agency support costs must ensure greater self-reliance and improved technical assistance within the United Nations system.

88. If the projects under way in Romania were to be completed and new projects initiated, Romania's IPF for the fifth cycle should not decrease in

real terms. His Government was interested in such new fields as management, privatization, small industries, public services and personnel training. It would also like to benefit from the Special Reserve Programme. In view of the frequent earthquakes in Romania, special emergency assistance would be welcome in the field of seismology. His delegation would like the Office of the Resident Representative in Bucharest to be strengthened. His delegation was grateful to UNDP for its support in implementing the country programme for Romania.

The meeting rose at 1 p.m.