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SUMMARY RECORD OF THE SECOND PART* OF THE 26th MEETING

Held at the Palais des Nations, Geneva,
on Friday, 8 June 1990, at 6 p.m.

President: Mr. BABINGTON (Australia)
later: Mr. HAMADZIRIPI (Zimbabwe)

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Programme planning (continued)

(c) Preparations for the fifth programming cycle and net contributor status
(continued)

* The summary record of the first part of the meeting appears as document DP/1990/SR.26.

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Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

1. Mr. PETTITT (United Kingdom) said that he would like to see the fifth programming cycle negotiations result in a changed UNDP resource distribution in favour of the countries most in need. The Programme needed to be slanted more towards the least developed countries, as so defined when they had been identified as such. A prior allocation to those countries, as proposed by Switzerland, appeared preferable to relying on the use of the supplementary factor of least developed country status. In the opinion of his delegation, there should be a cut-off of conventional assistance through IPFs for countries which exceeded a specific GNP per caput. The level should be the same as that used by the International Development Association (IDA), namely, \$1,070 per caput per annum, using 1988 data. Exclusion from that cut-off could be arranged for small island developing countries, for the reasons given by the representative of New Zealand, and for countries which had become independent within the last year, in view of the importance of assistance from the United Nations system at that stage.
2. The concept of UNDP universality was important. During the fifth programming cycle, all countries which so desired should have access to the technical assistance and its other benefits. Subject to special arrangements for very small countries, his delegation would support the granting by UNDP of sufficient but token funds to a resident co-ordinator's office to permit the operation of an effective programme. The Swiss proposal to provide a flat sum of \$1 million as seed money for cost-sharing projects was an interesting contribution.
3. His delegation would like to terminate certain features of the current arrangements which had effectively served their purposes. That was true of the floor, which currently protected a small number of countries at the expense of other countries in the same income bracket. Similarly, the supplementary criteria should be replaced by a prior allocation for the least developed countries, and there should be an increased share in central resources allocated to thematic problems, not necessarily limited to countries with a conventional IPF. Finally, the net contributor status should be discontinued. Contributions to the programme should be totally voluntary.
4. For the calculation of the conventional country IPFs, the main factors of gross national product (GNP) per caput and population appeared satisfactory. Nevertheless, the fourth programming cycle had used a population factor that had been difficult to work with, and had caused distortion from the ideal distribution of resources.
5. It was essential to increase the proportion of resources programmed centrally (25 per cent appeared to be a minimum), including regional, interregional or global programmes and Special Programme Resources (SPR). Such an increase was important to make UNDP responsive to the concerns of the international community to enable the United Nations system to act in across the board issues to maintain the sense of commitment of the donors and to balance the proposed move away from IPF assistance to middle-income countries. The SPR for global themes should be increased concurrently.
6. Resource allocations would obviously need to take into consideration the decisions taken by the Council on support costs. The approach proposed in paragraph 27 of document DP/1990/43 - of setting aside for the reimbursement of agency support costs an amount corresponding to 13 per cent of the IPF,

SPR, and SIS in the fifth cycle - might not be the right one. His delegation noted with disappointment the view expressed in paragraph 29 of the same paper that it would be impracticable for UNDP to transfer to an accounting system based on special drawing rights (SDRs) in the fifth programming cycle. In that case, it would be necessary to give serious attention to how to guard against panic measures in controlling expenditure resulting from variations in the value of the dollar against the currencies in which many pledges were made.

7. It was important to continue providing sectoral support to the smaller agencies and to the UNIDO Senior Industrial Development Field Advisers programme, which strengthened the capacity of the resident representative's office and should be encouraged. Subject to the review planned for 1991, his delegation hoped that the real value of the UNDP contribution would be maintained to that programme as well as to that of the Special Industrial Services. Finally, with respect to the UNDP resource growth rate, which the Council had to select for planning purposes, his delegation shared the doubts of other delegations about assuming a growth rate of more than 6 per cent. It was infinitely easier to programme for a windfall of resources than to cut back on existing commitments.

8. Mr. ABUBAKAR (Nigeria) said that it was vital to find adequate resources for sustainable development in the developing countries. In accordance with General Assembly resolution 44/211 and Governing Council decision 89/20, emphasis should be placed on priority allocation of grant resources, to programmes and projects in low-income countries, particularly least developed countries. The basic criteria for determining IPFs - GNP per capita and population - should be maintained. The previous practice whereby 80 per cent of the IPFs was allocated to countries with a GNP per capita of less than \$750 should also be continued. At the same time, there should be an increase in the IPFs of countries reclassified as low-income countries because of their serious economic difficulties. In that manner, the painful socio-economic adjustments now taking place in those countries could be eased. His delegation supported the allocation of \$300 million to the SPR, it being understood that those countries reclassified as low-income countries would need special treatment in the allocation of IPFs for the fifth programming cycle.

9. He drew the attention of the Council to the Special Industrial Services, the importance of which justified, in his view, an allocation of \$20 million for the fifth cycle.

10. Mr. ELGAOUTH (Mauritania) said that the existence of extremely poor nations, representing 800 million individuals struggling endlessly simply to survive was one of the most regrettable and disquieting aspects of the current world situation. Of the 46 countries considered by UNDP as least developed, 31 were African, to which Namibia must be added. Not only did those countries have to confront formidable day-to-day problems, but their development prospects were still extremely poor in almost every area. Their GNP per capita was four times less than that of the developing countries and 40 times less than that of the developed countries. The adult literacy rate, which was the driving force of development, was little more than 30 per cent,

whereas it had reached 60 per cent in developing countries and nearly 100 per cent in developed countries. In the least developed countries, manufacturing accounted for only 9 per cent of total production, in contrast to 20 per cent in developing countries as a whole and more than 40 per cent in developed countries. Those inequalities were largely enough to warrant a surge of solidarity from the international community.

11. The situation in those countries was even more tragic in the light of other factors such as the geographic situation and natural disasters, including drought, desertification, floods, cyclones, and locust infestation, which affected a large number of those countries.

12. It was reassuring that the international community had become aware of that situation. The United Nations Conference on the Least Developed Countries, held in Paris in 1981, and the Conference to be held on the same subject in September, also in Paris, eloquently demonstrated that attitude. The Conference of Foreign Ministers of the Group of 77, recently held in Caracas, had once again given the requisite priority to the alarming situation of the least developed countries.

13. His delegation continued to believe that the security of the world depended on assuring a substantial increase in the level of resources during the fifth programming cycle. It was in favour of a 16 per cent increase. Mauritania, like several African countries affected by the major crisis of the 1980s, had resumed its contributions to UNDP. It believed that, during the fifth programming cycle, the level of the SPR should not exceed the level reached during the fourth cycle, because only a small proportion of those resources was allocated to the least developed countries. Mauritania considered that 19 per cent of resources should continue to be allocated to the inter-country IPFs. It was also necessary to reconsider the distribution of resources among global, regional, and interregional programmes in order to take into account the demands of the economic integration under way in several developing regions, in particular in Africa. His delegation supported the maintenance of the IPFs allocated to national liberation movements. It believed that the Special Programme of Assistance to the Palestinian People merited a larger allocation, as did the traditional programme of disaster relief. In addition, SPR resources should be used to finance special programmes involving new themes such as environmental protection and human development.

14. The question of the criteria to be selected for determining country IPFs was a difficult one. The Preparatory Committee of the Second United Nations Conference on the Least Developed Countries, which had recently concluded its work at Geneva, had proposed that 60 per cent of the resources allocated to the country IPFs should go to the least developed countries. A similar proposal had been made, in the Council itself, by the representative of Switzerland, to whom he wished to express his appreciation. Such a proposal was justified by the socio-economic situation of those countries. A lesser solution, or the maintenance of the status quo, would be unrealistic and might well undermine the multilateralism and the financial health of UNDP. Unfortunately, the Administrator did not take those facts into account. Several delegations, notably those of Portugal and France, had clearly described the weariness and impatience of the tax payers of donor countries,

who wished to see tangible results from the assistance that they were providing to development in the third world. Sixty per cent of country IPF resources allocated to the least developed countries, would allow the supplementary criteria, which in fact were meant for situations encountered mainly in those countries, could be dropped. It was none the less true that some of those criteria justified SPR financing, in particular the criterion of "relevance" in the case of the economically affected countries in southern Africa (Front-line States).

15. Mrs. SHAFER-PREUSS (Federal Republic of Germany) said that UNDP was at present undertaking a large number of tasks which could equally well be carried out on a bilateral basis. To strengthen UNDP's multilateral profile, the thematic components needed to be expanded considerably, by increasing the volume of the SPR and focusing the main efforts in the country programmes on certain major themes, in the areas where multilateral technical co-operation offered comparative benefits. The human development indicators might provide guidance in that connection. The delegation of the Netherlands, among many others, had spoken convincingly on that issue.

16. She shared the opinion expressed by the representative of the United States, namely, that UNDP should not become an international welfare organization. Nevertheless, in view of the extreme poverty in many parts of the world, the bulk of the free-of-charge monies should be invested, not to provide social welfare but to press for technical development in areas which could help to alleviate poverty. Her delegation therefore favoured a higher IPF allocation to the least developed countries. That certainly did not mean that UNDP should forget those countries, in particular the Latin American countries, in which the average per capita income was relatively high. Their needs should be recognized and the ongoing structural adjustment should be supported by a thematic approach, using the SPR.

17. As had been emphasized during the debate on national execution and on support costs, the world had changed. That fact should be taken into account in considering the question of the fifth programming cycle. Her country considered the retention of the floor principle to be nostalgic and irrational. UNDP must demonstrate flexibility in face of the new challenges ahead and not seek to protect certain interests.

18. The number of supplementary criteria should be limited. In fact, the more criteria there were, the less would be their benefits for individual countries. Finally, an overall increase in UNDP resources of between 4 and 6 per cent would be realistic. In many donor countries, the inflation rate had been lower than the 6 per cent predicted by the Administrator; in the Federal Republic of Germany, it had even been negative for some time.

19. Mr. ALSAIDI (Observer for Yemen) drew attention to the exceptional situation of his country: in 1990 Democratic Yemen and the Arab Republic of Yemen had been united into one country, the Republic of Yemen. That unification, which would certainly lead to the strengthening of the capacities of the country and to greater development in the future, was for the time being placing a heavy burden on the national economy. In particular, it made an adjustment of all the basic structures necessary. The two countries now

united both belonged to the least developed countries and suffered from many economic problems; their per capita income had declined and there had been a slow-down in development, due mainly to the deterioration of the international economic situation during the 1980s.

20. His country therefore requested the Council to take into consideration its exceptional situation and grant it, for the fifth programming cycle, a special allocation greater than the total assistance allocated to the two Yemens in the past; that assistance should be financed by resources other than the IPFs. Moreover, the Council should recommend to other international organizations and donor countries that they provide special assistance to Yemen for the next five years.

21. Mr. MACDONALD (Australia), also speaking on behalf of the New Zealand delegation, said that given the likelihood of constraint on public sector expenditures in a number of industrialized countries, a targeted increase of more than 6 per cent in available resources appeared somewhat unrealistic.

22. The methodology used to determine the IPFs for the fourth programming cycle had been the product of extensive consultations, during which the views and needs of all the participants had been taken into account. The Governing Council should therefore hesitate long before altering the existing system. By and large, that formula had proved satisfactory; it paid regard to the needs of the Asia and Pacific region, where the majority of the world's poor lived.

23. In 1976, the United Nations General Assembly had decided that island developing countries required specific attention and assistance. Unfortunately, the island developing countries in the South Pacific had only obtained a modest share in the allocation of the country IPFs. During the fourth programming cycle, the total resources that they had received in country IPFs had been little more than the amount allocated during the second programming cycle. UNDP's efforts in the South Pacific were greatly appreciated. They were now well integrated in the planning of the Governments of those countries. The floor principle, which provided an assurance that the country IPFs for any given cycle would be no less than in the previous programming cycle, was regarded by countries in the region as a stabilizing factor in their development planning.

24. The delegations of New Zealand and Australia supported the Administrator's proposal to allocate 80 per cent of the resources to country IPFs and 20 per cent to inter-country IPFs. They also endorsed the proposal to increase to 5 per cent the share of resources allocated to the SPR.

25. With regard to the net contributor status, they believed that, as the representative of France had noted, host countries must meet their obligations. They requested the Administrator to negotiate with each country an agreement to ensure that all local costs were covered by the host country. Such a gesture would indicate the seriousness of the country's commitment to the Programme, which embraced both donors and recipients.

26. Mr. FONDI (Italy) recalled the position elaborated by his delegation during the high-level general debate. An annual growth rate of 6 per cent was the only realistic goal for voluntary contributions during the fifth programming cycle. With respect to the allocation of available resources to

the country IPFs, it was preferable to retain the criteria of decision 85/16 rather than to carry out a complete reorganization. That being the case, Italy would like UNDP programmes to focus more on the problem of poverty, for example, through strengthening the supplementary criteria (least developed country status, extreme poverty, etc.). His delegation was willing to consider any appropriate mechanism which would lead to an acceptable balance between the needs of the poorest countries, the universality of UNDP and the expectations of the other countries receiving its assistance. On the other hand, it could not accept Switzerland's proposal, namely, to allocate 60 per cent of the available resources to the IPFs of the least developed countries, because that was tantamount to terminating UNDP presence in middle-income countries. UNDP should instead implement significant programmes for those countries, in the areas where UNDP technical assistance was needed, at the same time contributing to the mobilization of capital. His country was in favour of maintaining the floor principle, which it viewed as a guarantee of a certain degree of stability and not as a nostalgic instrument.

27. His delegation supported the Administrator's proposal to increase the amount of the SPR to \$300 million for the fifth cycle; but, with respect to their distribution, it reiterated the views that it had already expressed in February. With respect to disaster mitigation, a decision could not be taken until the role of UNDP in that area had been reviewed and until the General Assembly and the Economic and Social Council, on the occasion of the International Decade for Natural Disaster Reduction, had expressed their views regarding the division of labour among the agencies of the United Nations. With regard to aid co-ordination, it stressed the need for a systematic study of the instruments and procedures for programme development and need evaluation. It could not agree that the NaTCAPs, round-table meetings and country programmes should continue to be reviewed separately. With respect to thematic activities, Italy felt that the allocation of \$30 million to the Management development programme was inadequate.

28. His delegation fully supported the proposal from the countries concerned to allocate \$20 million to the Special Plan of Economic Assistance to Central America, which provided effective support for the peace process and the struggle against poverty in that region. Finally, it shared the opinion of the Netherlands and Sweden with regard to the adoption of a more stable unit of account, namely, the special drawing rights. It felt that the advantages which, according to the International Monetary Fund experts, would result from the adoption of the SDRs should encourage the Administrator to move without concern in that direction.

29. Mr. SEJANAMANE (Observer for Lesotho) endorsed the statement made by the representative of Zimbabwe on behalf of the African country members of the UNDP Governing Council regarding the preparations for the fifth programming cycle. In particular, he hoped that voluntary contributions would increase substantially, in real terms; that the allocation of resources between the country and inter-country IPFs would remain unchanged (81 per cent/19 per cent); that the basic criteria for determining the country IPFs would be maintained; and that the existing supplementary criteria would be maintained. The resources allocated to the SPR should be calculated as a percentage of total UNDP resources; and the amounts allocated to national liberation movements should be kept at their current level.

30. Mr. Hamadziripi (Zimbabwe) took the Chair.

31. Mr. OSUNA (Spain) said that the issues before the Council would have significant implications for the technical assistance to development that would be provided in the coming years. His delegation feared that the redistribution of resources advocated by certain delegations had more drawbacks than advantages. New strategies leading to more balanced situations must be considered. His country was profoundly concerned by the problems confronting the countries of sub-Saharan Africa, Latin America and, in general, all the land-locked countries where basic needs were not met. It therefore supported the proposal regarding the resources for the Special Plan of Economic Assistance to Central America. It also supported the retention of the floor principle. While taking into account the needs of the least developed countries, the Council also had to pay attention to the negative growth and stagflation recorded in other regions of the world, particularly in Latin America.

32. As it had already indicated, his country was proposing to increase its voluntary contribution by 13.3 per cent; it hoped that the other countries would augment theirs by 8 per cent rather than by 6 per cent. At present, poverty was actually getting worse in a large number of middle-income countries, especially in urban areas. The consequence was a deterioration in living conditions which caused in turn a degradation of the environment. Drug trafficking represented a serious challenge to the social and political stability of the Latin American region and also of various countries. Specific programmes and projects should be developed in all those areas. For their part, the middle-income countries must, in conjunction with international assistance, strive to channel the various programmes and projects towards the satisfaction of the needs of the most vulnerable population groups.

33. It should be pointed out that the allocation of UNDP resources for Latin America and the Caribbean under the country IPFs represented only 9.6 per cent of the total resources, or approximately \$300 million. With such a small amount, UNDP had succeeded over the past three years in mobilizing \$1 billion in supplementary funds, from the Latin American countries themselves, the World Bank, bilateral donors or other relief agencies. Resources allocated under the IPFs to countries with per capita incomes of \$1,500 represented little more than 4 per cent of the total Programme resources, or approximately \$75 million.

34. His delegation wished to stress the fact that the disadvantages of changing the country IPFs would outweigh the hoped for advantages. With respect to the supplementary criteria, it believed that each criterion should be the subject of negotiations, taking particular account of those which related to poverty, environment and debt.

35. Mr. DENU (Ghana) supported fully the statement by the representative of Zimbabwe on behalf of the African countries. There should be a 16 per cent increase in UNDP resources in the fifth programming cycle. By virtue of the anticipated reduction in their export earnings in the 1990s, the developing countries would in fact need additional UNDP assistance.

36. With respect to the distribution of resources, his delegation was in favour of a significant allocation for the poorest countries, that is, those with a per capita GNP equal to or less than \$750. In principle, it did not object to the use of supplementary criteria, the choice of which remained to be determined.

37. The Administrator was proposing to increase the amount of special programme resources (SPR) from \$189.5 million for the fourth cycle to \$300 million for the fifth cycle. His delegation did not support that proposal: it would have a serious impact on the amount of the IPFs and, furthermore, Governments had very little influence over the manner in which those resources were disbursed.

38. Mr. JASINSKI (Poland) said that, during the high-level general debate, the Council members had reaffirmed their determination to work together to solve pressing problems at the national, regional, interregional, global and sectoral levels. Those problems could certainly be resolved but, in order to do so, significant material and intellectual resources had to be mobilized at the national and international levels. It was also important to maintain the universality of UNDP.

39. With regard to the allocation of financial resources during the fifth programming cycle, some remarks were in order on certain points. The use of the basic criterion of the GNP per capita was perhaps not fully satisfactory, as the Human Development Report had implied. The figures themselves were open to question, in particular in the countries which were not members of the World Bank or had only recently become members. In some countries, significant changes in the exchange rate had led to GNP per capita figures which were clearly debatable. In view of the upheavals in the Central and Eastern European countries, the calculation of the economic indicators, in particular the GNP per capita, should be modified significantly. Thus, while accepting that criterion, his delegation reserved the right to return later to the question of the determination of Poland's IPF for the fifth programming cycle.

40. He recalled that in 1986, in its decision 86/31, the Council had recognized that a major error had been made in the estimation of the GNP per capita in Poland for 1978. Unfortunately, no supplementary amount had been granted to Poland under its third cycle IPF. In the opinion of his delegation, account should be taken of that situation in determining the IPF of his country for the fifth cycle.

41. In addition to the basic criteria, his delegation endorsed the use, when justified, of supplementary criteria, a provisional list of which had been established and considered at one of the Council's recent informal consultations. Certain of those supplementary criteria were particularly relevant, including significant external debt, economy in transition and degradation of the environment. The extent of the economic and social problems of the countries which met those criteria were undeniable. His delegation was in favour of using supplementary criteria for the calculation of the regional IPFs and of granting a special assistance to certain subregions, in particular those which were in a period of economic and social

difficulties. Poland believed that the subregion of Central and Eastern Europe met certain of the conditions justifying special treatment by UNDP. While recommending that the major part of UNDP resources should go to the least developed countries and regions, his delegation also supported an increase in the Special Programme Resources.

42. Mr. UJOODHA (Observer for Mauritius) said he believed that UNDP should play a more pragmatic and meaningful role and should make more effective use of the available resources under its various mechanisms, not only the IPFs but also the new programmes, such as disaster mitigation, aid co-ordination and Technical Co-operation among Developing Countries. That would not be an easy task.

43. With regard to the allocation of resources for the fifth programming cycle, he would concentrate primarily on the case of small island developing countries which had recently joined the group of middle-income countries. There were two such countries in the Indian Ocean: the Seychelles and Mauritius. Other countries in a similar situation, notably Malta and Bahrain, had already made known their concerns on that particular issue. The IPFs which would be granted to those countries under the different scenarios proposed by the Administrator were in fact so small that any meaningful programming over a five-year period was impossible. The basic criteria did not give a fair deal to those countries, which belonged to a special category of recipients. Moreover, the GNP per capita was not a fair yardstick to gauge the level of development of any country and even less the well-being of each of its citizens, as the authors of the Human Development Report had acknowledged. The criterion of GNP per capita had several weaknesses, in particular that of masking the inequalities of distribution. Mauritius had lingering pockets of poverty which could not be eliminated in just a few years. The relatively small IPF of the current programming cycle had served mainly to improve the revenue and status of the low-income social groups, such as small fishermen and farmers. There remained other groups whose needs had to be met.

44. It could not be emphasized sufficiently that UNDP resources often made a great impact because of their role as catalysts. Many national projects, in particular in the energy and infrastructure sectors, would never have seen the light of day if UNDP had not provided the seed capital and the untied resources needed for feasibility studies. Other donors and financial institutions had then followed suit to give the projects shape.

45. Some of the small island countries whose GNP per capita had recently crossed the \$750 threshold were still at a critical stage of transition in their development. For its part, Mauritius might well have been a victim of its own transparency. Its successes had been proclaimed by the international media, but the resultant image was not inaccurate since it overlooked the structural weaknesses of the country and the new constraints which were emerging. The economy was still vulnerable on more than one count and would probably remain so for several years. Located in the middle of the ocean, Mauritius was cut off from world centres. Its natural resource base was narrow. The recent economic progress had been accomplished within the framework of a sensitively functioning democracy in a multi-racial, multi-cultural and multi-lingual society. The effects of new constraints,

such as labour shortages, price increases and environmental degradation, were also being felt. His Government was pursuing its development efforts in a pragmatic fashion and was attempting to reduce the vulnerability of the economy. The recently launched diversification programme was only beginning and self-sufficiency was still far off. The decade of the 1990s would be of crucial importance in the economic history of his country.

46. UNDP played an important role of broker between donors and the small island developing countries with a relatively high per capita income. Those countries should be granted treatment markedly different from that normally given to countries with comparable per capita income. Those countries hoped one day to graduate to net contributor status. The floor principle should be maintained for small island developing countries.

47. Mr. HAMDAN (Observer for Lebanon) said that the IPF of Lebanon was not realistic because it was based on old data, unchanged since the third programming cycle. He recalled that in its resolution 88/31, the Council had made reference to the need to adjust the provisional reference IPF of Lebanon for the fourth cycle, but that had still not been done. In order to avoid any misunderstanding, whenever the question of Lebanon's IPF arose, it must be remembered that the figures were provisional. At the same time, the process of determining a new and realistic IPF should be speeded up.

48. Mr. OUALI (Observer for Algeria) said that his country, which received technical co-operation assistance but was also an important contributor, wished to stress the need to keep the floor principle, to maintain the level of IPFs in real terms, and to keep the basic criteria as well as the supplementary criteria used for the allocation of resources, refining them as appropriate. With respect to the new supplementary criteria proposed for the fifth programming cycle, Algeria believed that the use of a human development indicator would be premature at that juncture; in due course, that indicator should be applied to those countries which had placed human development at the centre of their development plans. Two new criteria - economy in transition and heavily indebted countries - should be better grasped before being applied.

49. UNDP should concentrate its efforts on the regions with the most serious problems, Africa in particular. Adopting the scenario under which, in the next programming cycle, \$1 million was to be allocated to countries with a per capita income equal to or greater than \$1,500 would, on a practical level, exclude from UNDP co-operation a sizeable number of countries, most of which were presently striving to restructure their economies on a fundamental level. Algeria believed instead that UNDP should support the new priorities of those countries since they ran a great risk of slipping back into underdevelopment. The democratic initiatives of the past two years in Algeria could be called into question because of the current economic difficulties.

50. Recalling that, in its resolution 44/228, the General Assembly had considered desertification to be an overall threat to the environment of the planet, his delegation believed that an explicit reference to the control of desertification should be made in the section on the environment. Finally, it hoped that the proportion of resources allocated to Special Industrial Services would be increased.

51. Mr. DORANI (Djibouti) said that, in spite of the difficulties, it was important to establish a resource strategy for the fifth programming cycle. A level of resources equal to that of the fourth cycle should at least be maintained, with inflation taken into account. His delegation supported the allocation of at least 80 per cent of IPF resources to programmes and projects for low-income countries, particularly the least developed countries. It was also in favour of an increase in the SPR.

52. He drew the Council's attention to the birth of a new nation, the Yemen, resulting from the union of Democratic Yemen and the Arab Republic of Yemen. Paradoxically, that reunion would bring with it new constraints and an array of social, economic, administrative, institutional and structural problems. The new Republic of Yemen would therefore need both understanding and action from the UNDP Governing Council.

53. Mr. SALEEM (Pakistan) said that he was in favour of an annual growth rate of 10 per cent for voluntary contributions during the fifth cycle taking inflation into account, or approximately 4 per cent in real terms. He did not support the Administrator's proposal to increase the share of total resources allocated to SPR from 3.5 per cent to 5 per cent, since that would reduce the resources allocated to country IPFs. Recalling that in its decision 85/16 on the use of UNDP resources during the fourth programming cycle, the Council had allocated 1.24 per cent of the total resources to SPR and that that portion had been increased to 3.5 per cent for the entire fourth cycle, he saw no need for a further increase.

54. Technical co-operation among developing countries was an important way of strengthening their collective autonomy and increasing their ability to contribute to world prosperity. Technical co-operation sought a more effective use of human, material, financial and technical resources; consequently, UNDP should increase its efforts in that area.

55. With respect to the distribution of resources between country and inter-country IPFs, his delegation did not support an increase in the share of the latter. The percentage share of country IPFs in the total allocation of resources had already been reduced from 85 per cent in the third programming cycle to 81 per cent in the fourth cycle. Any new increase in inter-country IPFs would be inconsistent with the stated objective, which was to establish a programme using UNDP resources in a balanced manner.

56. A consensus had been reached on the use of the basic criteria for the determination of the IPFs for the fifth programming cycle. In determining the IPFs for the fourth programming cycle, the ratio between the basic criteria and the supplementary criteria had been 75/25, compared with 82/18 for the third cycle. A further reduction in the weight of the basic criteria would not be desirable, since that would lessen the importance of the constant indicators of economic growth, which were essential factors. Neither did his delegation support the allocation of 60 per cent of country IPF resources to the least developed countries. In that connection, the distribution system in effect during the fourth programming cycle, under which 80 per cent of those resources had been allocated to low-income countries and 20 per cent to the other countries, should be maintained. Clearly, the extent of the problems of the least developed countries should be recognized; at the same time, the problems of the developing countries as a whole should not be overlooked.

57. His delegation believed that the total number of points for the supplementary criteria should remain at 12, as in the fourth programming cycle. Furthermore, it did not see why the "annual debt service payments" should cease to be a supplementary criterion. It urged that it should be retained for countries where those payments represented more than 20 per cent of the export earnings. Any modification or elimination of that criterion would penalize those countries that had managed their external debt with care and had succeeded in honouring their commitments in the past, but were currently having difficulty in meeting their debt-servicing obligations. Finally, with respect to the net contributor status, his delegation endorsed the arrangements suggested by the Administrator in paragraph 43 of document DP/1990/8.

58. Mrs. DUDIK-GAYOSO (United States of America) said that UNDP programmes were guided by certain principles and certain realities. Two principles that were especially relevant were: the principle of universality, which implied access of all members to the expertise, technical advice and training services offered by UNDP, and the principle of the voluntary nature of the Programme, which implied that UNDP had to be sufficiently attractive to secure voluntary contributions. Among the realities which had to be taken into consideration, she cited the following: the fact that the needs of developing countries were diverse and increasing and were greater than the resources available to satisfy them; the need to focus the Programme (which the mid-term review had clearly demonstrated), while retaining its flexibility, and the need to improve the Programme's impact as well as the need to improve the way in which the members reviewed, approved and monitored UNDP's programmes; the changes which were taking place in the world; and the emergence of issues concerning several countries at the same time, which had to be resolved on a regional or a global basis, for example economic adjustment, environment and natural resources management, the AIDS epidemic, narcotics production and drug abuse.

59. While the Council members could simply repeat the scenario of decision 85/16, her delegation believed that the Council had to do better than that. The changes just mentioned, required Council members to find a way to use UNDP technical assistance to address the most important problems of developing countries. To achieve that, it was necessary to alter resource allocation and to increase the share of the poorest countries. In view of the growth rates projected, the Council could not afford "nostalgia", to borrow the term used by the representative of the Federal Republic of Germany. The floor principle could not be retained. At the same time, the graduation principle was all the more necessary. In country, regional and global programmes, a better focus was needed. A high priority should be given to the important themes mentioned earlier and the SPR and global programmes should be studied carefully. Her delegation was not sure that it was necessary to keep those two categories separate. But, in any event, the programming and evaluation had to be improved and made systematic. The Council should consider proposals relating to programmes rather than to individual projects, as was currently the case. Her delegation agreed with the view expressed by the representative of the Netherlands that a greater thematic focus for country programmes would make for a more flexible allocation of global resources to specific themes. In addition, her delegation felt that a greater proportion of resources should be allocated to central programmes. Like the delegation of the Netherlands, it felt that the supplementary criteria which could be applied to any country should be eliminated. In any case, it was not appropriate to modify them or to increase the weight given to them.

60. Mr. BAAJLIHUU (Observer for Mongolia) said that his country's GNP per capita amounted to \$470. Mongolia was a sparsely populated pastoral country and, the fact that the number of inhabitants was used as a criterion for the determination of the fifth cycle IPF was not to its advantage. In addition, the foreign debt had reached sizeable proportions since it represented more than 20 times the export capacity of the country. He recalled also that Mongolia, which was more than 1,500 km from the nearest sea port, had very little experience with market economy countries, especially the Western countries.

61. His country urged the Governing Council to include Mongolia, by virtue of its situation, in the category of the least developed countries and to recalculate its IPF. His Government assured the Council that the UNDP assistance would be used very effectively for the good of the people and for national development purposes. Finally, he noted that his country had established diplomatic relations with the European Economic Community, that it would join the Asian Development Bank and that it had decided to join the International Monetary Fund and the World Bank. Those decisions could only strengthen its ties to UNDP.

62. Mr. GOPINATHAN (India) said that the economic and social situation of donor countries made it possible to envisage a real increase in UNDP resources, such that a programme delivery rate during the fifth programming cycle equal at least to that of the fourth cycle could be maintained. With respect to the allocation of resources, the main item should continue to be the country IPFs, which reflected the needs of the recipient countries themselves and were not priorities imposed from outside. The distribution of total IPF resources between country and inter-country programmes should remain that established in Council decision 85/16. In order to take into account the development of the countries, the Council could nevertheless, as the Administrator had suggested, adopt a 83/17 per cent distribution, for example, instead of an 81/19 per cent ratio. Like many others, his delegation felt that the floor principle should be maintained, even in real terms. With respect to the criteria on which to base the allocation of resources to country IPFs, his delegation felt that priority should remain with the basic criteria (GNP per capita and population), which had already proved themselves; in addition, like the Chinese delegation, it considered that the "population" criterion should take into account the entire population of the country, and should not cease to apply beyond a ceiling of 100 million inhabitants, as some delegations had suggested. Developing countries other than the least developed countries should not be lumped in one single group. The supplementary criteria should be quantifiable, objective, clearly defined and measurable using accurate and published data. His delegation opposed adding descriptive criteria to the supplementary criteria. The weighted shares attributed respectively to the basic criteria and to the supplementary criteria should continue to be those provided for in decision 85/16 for the fourth programming cycle. The portion of the SPRs in the total resources should remain at 1.24 per cent, as provided for in decision 85/16. The assigning of SPR to "thematic activities" should be carefully studied by the Council. The Programme should avoid imposing on the developing countries, in the name of so-called objectives decreed at the international level, priorities which in no way reflected their needs.

63. His delegation was in favour of maintaining sectoral support for the Special Industrial Services (SIS) and for Senior Industrial Development Field Advisers (SIDFAs), the modalities of that support to be defined and its real value maintained during the fifth programming cycle. With respect to the principles on which the Council should base its decisions, his delegation, like the Italian delegation, felt that the Council should be guided essentially by decision 85/16, to which minimum changes should be made, it being understood however that any increase or decrease in resources should be reflected proportionately in all UNDP activities - not only the IPFs but also the SPR and the administration budgets, among others.
64. Mrs. AMARASEKERA (Sri Lanka) said that the developing countries would have to face new challenges during the 1990s. For that, they would need a sizeable amount of resources. An increase in resources of more than 10 per cent would be necessary simply to maintain UNDP activities during the fifth programming cycle at a level equal to that of the fourth cycle. Such an increase was possible in the light of the projected growth rates for the developed countries in the 1990s and the anticipated peace dividends.
65. Her delegation was in favour of the thematic approach, and of the environmental and poverty alleviation activities financed by the SPR. It should not, however, be forgotten that different countries had specific needs, which must be met in order to maintain the pace of development.
66. The country IPF was an extremely important way of meeting the specific needs of a particular country. Her delegation favoured the application of the criterion of the GNP per capita and the floor principle in the determination of the IPFs. The supplementary criteria used for the fourth programming cycle should be applied without change during the fifth cycle.
67. Mr. MUGUME (Observer for Uganda) said that he wished to associate himself with the statement of the representative of Zimbabwe on behalf of the African country, members of the UNDP Governing Council. His delegation would, however, like to add some remarks. With respect to the increase in UNDP resources, it had already said that it supported the proposal by the Administrator to seek an increase of 16 per cent, corresponding to a growth rate of 10 per cent in real terms. According to some members, a goal of 4 to 6 per cent - that is, a zero growth rate or even a decrease of 2 per cent of the resources in real terms - would be more realistic. His delegation did not believe that a zero growth objective was a realistic way of meeting the challenges which UNDP would have to face during the 1990s. Separate objectives should be set for resources on the one hand and voluntary contributions on the other. The reduction in international tensions should enable the necessary resources to be mobilized in order to double the UNDP programme during the fifth programming cycle, as the delegations of India and Sri Lanka had stated. That naturally required political will.
68. The SPR should be maintained at a minimum level, so that the maximum resources could go to country IPFs. An increase in centrally managed resources should not be encouraged. As the Brazilian delegation had observed, the thematic activities should reflect the development priorities of the recipient countries and not those of the Administration, whether the management development programme, the Special Plan of Economic Assistance to Central America, the combat of desertification or the promotion of TCDC were

involved. The allocation of resources to programme development and evaluation should be considered in the light of the forthcoming decision by the Council on agency support costs. In addition, the anomaly which had occurred in the fourth programming cycle of failing to allocate special resources to special programmes, such as the Programme of Action for Africa - should be corrected.

69. The principle on which the distribution between country and inter-country IPFs was based should be to ensure the maximum allocation to country IPFs. Indeed, the resources allocated to regional projects were not always used properly, in the absence of adequate monitoring by the recipient countries. Resources provided in the forms of grants should be allocated on a priority basis to programmes and projects implemented in low-income countries, especially the least developed countries, in accordance with the provisions of General Assembly resolution 44/211 and Council decisions 89/20 and 90/4. Without calling the principle of universality into question, the Council had to find innovative and specific ways of assigning resources to those countries in the form of grants beyond the current level of 43 per cent.

70. It was encouraging that some attention had been given to the issue of currency fluctuations and the possible adoption by UNDP of special drawing rights as the unit of account. The Administrator had nevertheless referred to the potential difficulties of that option. Many other options were possible and his delegation was willing to participate in consultations on that subject.

71. Mr. TALUKDAR (Observer for Bangladesh) said that the extremely disadvantaged situation of the least developed countries among the developing countries was widely acknowledged; many delegations had said that, during the fifth programming cycle, the majority of the resources should be allocated to those who needed them most. It was not necessary to review at length the statistics concerning the economic and social situation of the least developed countries. One needed only to read the faces of the peoples of the 42 least developed countries in Africa, Asia and Latin America. The term "development" did not have the same meaning for everyone. For some, it might mean another car, an extra kilometre of highway, another bridge. For others, it was synonymous with an increase in health and education personnel. But there were those for whom development was simply a struggle for survival. Malnutrition, hunger and poverty on one hand, illiteracy, inadequate health care and lack of shelter on the other had long been the fate of 400 million individuals.

72. The 1990s had begun with very encouraging signs for mankind. The peoples of the least developed countries hoped that progress and development would not leave them so far behind the world community that it would completely lose sight of them.

73. Like others, her delegation supported an increase in the proportion of UNDP resources allocated to least developed country IPFs, which should be increased to 60 per cent. It also advocated an increase of at least 10 to 12 per cent in the overall UNDP resources.

74. Mr. TAL (Director, UNDP Planning and Co-ordination Office), in response to the questions and remarks formulated by the delegations, said that the first question which the Council had to answer in the current session was that of the increase in the amount of resources. It was probably on that point that the negotiations would be the most difficult. Indeed, many views had

been expressed in that connection, the preferred growth rate varying from 6 to 16 per cent. To the response adopted were linked a considerable number of questions that the Council members would have to discuss and on which they must arrive at an agreement, including: whether the floor principle should be retained; if so, at what level it should be set; what consequences it would have; and the level of supplementary resources that should be provided to the least developed countries and to the developing countries other than the least developed countries. The distribution was in fact not made according to the same pattern for all countries. Thus, the size of UNDP basic resources was a determining factor.

75. A certain number of speakers had said that the question of resources was linked to that of programme quality. That was in fact a very important point. There had been an ongoing and extensive exchange of views with the developing countries on the subject of programme quality. The Administrator's proposals were designed to ensure that, in the coming years, programme quality would continue to improve.

76. Many delegations had made suggests about the supplementary criteria. Some had been opposed to keeping those criteria, others were in favour of them, and others still would like to update them. It was understood that the criteria in question should be objective and measurable and that there should be easy access to the data required to establish them. The Secretariat believed that the proposed supplementary criteria met those conditions.

77. Some delegations had felt that the adoption of the human development criterion was premature. While the Council obviously had the right to decide on that subject he wished to point out that no criterion was perfect. Many delegations had questioned the value of the GNP per capita and it was clearly because that criterion had not been fully satisfactory that the supplementary criteria had been applied. The Council should keep that fact in mind when it considered the question of using the human development indicator in the determination of the IPFs.

78. The delegations of Bahrain and Mauritius had referred to the need to recognize the special problems of the island developing countries. In fact, those problems had already been taken into account during the fourth programming cycle. Those issues had been submitted for consideration by the Council and they would therefore be discussed more thoroughly.

79. Most countries had been in favour of maintaining the net contributor principle. In order to simplify its application, the Administrator had proposed a set of criteria in Note DP/1990/8. That issue should be further considered. The idea of establishing regional offices, brought up by the Observer for Oman, was interesting and should be examined in the context of field office policy. The Administrator would present certain proposals in that connection to the Council at its thirty-eighth session in 1991. The Observer for Yemen had called attention to the special situation resulting from the recent unification of his country, proposing that the Council should consequently authorize for the Republic of Yemen an IPF greater than the total IPFs of the two countries which had just been united. The Council would consider that question in the next few days.

80. The Working Group, which was to have met in the Gulf countries, had been unable to do so for practical reasons. However, it was planned to organize that very important meeting before the end of 1990.

81. The delegations of Djibouti, Lebanon, Mongolia and Poland had raised specific questions regarding the determination of their GNP per capita. He recalled that, for those calculations, the Secretariat had been in direct contact with the representatives of the Governments of those countries. The GNP per capita of Lebanon was not yet definitively established and the IPF of that country for the fourth programming cycle had been acknowledged as provisional. A study to determine the GNP per capita in Lebanon was under way, but it was an exceptionally difficult task. Nevertheless, progress had been made, and meetings had been organized during the past year to review the results of the first phase of the study and to agree on the methodology for the second phase. In response to the observations of the Polish delegation, he recalled that it had been acknowledged that the calculation of Poland's GNP per capita for 1978 had not been accurate and, that a correction was to have been made to the IPF during the fourth programming cycle. According to the Polish delegation, Poland's GNP per capita would probably be much lower in 1990. UNDP followed the methodology of the World Bank Atlas and could not predict with certainty the effects of the current transformations on the GNP per capita. Nevertheless, those changes would probably result in a substantial reduction of the GNP per capita.

82. Many delegations had made observations regarding SPR and some clarifications were in order. The representative of Mauritania, considering that the SPR did not benefit the least developed countries, was not in favour of an increase in its total. He explained that SPR-financed projects were multinational in nature and that the share allotted to each country was therefore not easy to determine. Moreover, the thematic activities financed by the SPR (environmental protection, poverty alleviation) would be of considerable benefit to the least developed countries, because they were addressed directly to the populations suffering from those specific problems. It was therefore important to evaluate fully the final impact of those activities in the various countries. The representative of Mauritania had also stated that the allocation to the Special Programme of Assistance to the Palestinian people should be increased. That question had been studied by the parties concerned and it had been agreed that if conditions made a significant level of expenditure possible, that point could be taken up by the Council during the mid-term review. The Administrator had proposed that a certain amount should be set aside to meet unexpected needs or needs exceeding the amounts initially decided upon.

83. With respect to disaster mitigation, mentioned by the representative of Italy, and the need to co-ordinate actions within the United Nations system, he recalled the following facts: a study had been carried out at the request of the General Assembly; the General Assembly had considered a report on that subject; there was close co-operation between UNDP and the Office of the United Nations Disaster Relief Co-ordinator; and many programmes designed to strengthen the response of the United Nations system in the case of disaster were under consideration. During the month of June, an inter-agency meeting was to consider the training programme and the manual; an orientation session organized jointly on that subject was planned for the following week. Interested Council members would be invited to participate.

84. The representative of Italy had also stressed the need for aid co-ordination. Such co-ordination was assured by the NaTCAPs, round-table meetings and other activities undertaken by Governments, regional bureaux and resident representatives. All those activities reinforced each other and also strengthened programmes undertaken at the national level, in particular the investment programmes. That co-ordination could naturally always be improved and UNDP was striving to do so.

85. The Observer for Uganda had emphasized that the SPR should be maintained at a minimum level, so that the maximum amount of resources could go to the country IPFs. Certain programmes financed by the SPR (management development programme, TCDC) had been considered extremely useful by many delegations, which had requested an increase in the amount assigned to them. Many delegations had requested that disaster mitigation should be financed on a regular basis, since the IPFs did not include adequate resources to handle such disasters which were, by definition, unpredictable. An evaluation of the aid co-ordination machinery had been requested by the Council. Thus, the various programmes financed by the SPR were undertaken in close consultation with the UNDP Governing Council.

86. The use by UNDP of special drawing rights (SDRs) as the unit of account had been brought up by several delegations. Some had wondered why UNDP had not taken adequate account of the conclusions of International Monetary Fund consultants on that subject. It should be understood that the IMF study was a generic study, which provided many details about the advantages of SDRs. The Administrator had not ruled out their adoption - he had simply pointed out the difficulties that they would raise, in particular in terms of the resultant costs. One of the main conclusions of that study was that the adoption of the SDRs as the unit of account would be very advantageous in terms of stability. It was therefore up to the Secretariat and to the Governments of the donor countries to study that option. The representative of the Netherlands had requested the opinion of UNDP on three of the conclusions of the IMF experts. First, would the adoption of the SDRs as the unit of account strengthen the UNDP basic strategy in the area of investment? As a preliminary response, he recalled that the expenses which UNDP had to meet were not necessarily payable in the currencies that it held. In addition, the contributions were held in the currencies of the contributing countries and it was often very difficult to convert them into the currency in which the expenditures would be made. Secondly, would it be appropriate to study more extensively the costs resulting from the use of the SDRs as the unit of account? The Secretariat would certainly do so if the Council wished. Thirdly, should the adoption of SDRs as the unit of account also be considered by other United Nations agencies? That was no doubt an urgent need, and the cost study should therefore also focus on other agencies besides UNDP. In fact, the entire United Nations system was concerned, and it would be extremely difficult for UNDP alone to adopt the SDRs as the unit of account if the other agencies did not do so. The Secretariat had also emphasized that, to the extent that the national Governments contributed more to programme execution, UNDP would be dealing not only with executing agents within the United Nations system but also with Governments which undertook those programmes.

87. Mr. RADE (the Netherlands) said that he hoped that the revised version of scenario 6, which he had requested from the Administrator, would be available by Monday morning, 11 June, when the negotiations were to begin.

88. Mr. TAL (Director, UNDP Planning and Co-ordination Office) said that the calculations were ready and that the document would be distributed on Monday morning.

89. Mr. JASINKI (Poland), returning to the question of Poland's GNP per capita of Poland for 1978, said that he had understood that some compensation had been granted during the fourth programming cycle. He pointed out that for the fourth cycle, the year 1983 had been chosen as the reference year. There had been no compensation to balance the GNP per capita figures for 1978.

The meeting rose at 9 p.m.