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SUMMARY RECORD OF THE 4th MEETING

Held at Headquarters, New York,
on Wednesday, 21 February 1990, at 10 a.m.

President:

Mr. POPESCU

(Romania)

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The meeting was called to order at 10.15 a.m.

MID-TERM RESOURCE SITUATION OF THE FOURTH PROGRAMMING CYCLE (continued) (DP/1990/7 and Corr.1)

1. Mrs. DUDIK GAYOSO (United States of America) said that of the three proposals put before the Council by the Administrator her delegation supported those relating to permitting certain countries to borrow Indicative Planning Figure (IPF) entitlements from the fifth cycle and the endorsement of a selective over-programming authority of 15 per cent in some special programme resource categories. However, it felt that more information was required before it could approve the Administrator's request for authority to release the remaining 25 per cent of Indicative Planning Figures (IPFs) and Special Programme Resources (SPRs). Specifically, it would like to know what share of resources in the first two years of the fifth cycle would be devoted to programmes begun in the fourth cycle; what the reasons were for the revision of the Administrator's proposal between December 1989 and February 1990, and to what extent the Council could be sure that a reversal of the current trend towards an increase in the value of 1990 pledges would not result in a substantial downward revision in the current estimate of UNDP's surplus.

2. Her delegation would also like some clarification of paragraph 5 (a) of document DP/1990/7. For those reasons it would propose that more consultations should be held on the question, either in the Budget and Finance Committee or informally, before a decision was taken.

3. In general, her delegation felt that there was a need for more systematic planning of the programmes of the fifth cycle than was evident from paragraph 17 of the report (DP/1990/7). It also remained concerned at the emphasis put on expenditure targets in the report.

4. Mr. PETTITT (United Kingdom of Great Britain and Northern Ireland) said that his delegation welcomed the effort to develop a more coherent programme planning policy evident from the Administrator's report (DP/1990/7). With regard to the specific proposals made by the Administrator, his delegation felt that it would be useful to have a more detailed breakdown of the figures on which the Administrator based his request for authorization to release the remaining 25 per cent of IPFs and SPRs. His delegation would also prefer that a decision on the question of borrowing from the fifth cycle should be deferred until the June 1990 meeting of the Council. If that were done, the constraints set out in paragraph 11 of the Administrator's report could be relaxed.

5. His delegation supported the proposals for an increased allocation for disaster assistance and for endorsement of a selective over-programming authority. It agreed that such over-programming should be in the areas where fifth cycle expenditures were most likely.

6. Mr. JAYASINGHE (Sri Lanka) welcomed the comprehensive report on the mid-term review of resources submitted by the Administrator (DP/1990/7), and his introductory comments. He had been happy to learn that the Administrator now

(Mr. Jayasinghe, Sri Lanka)

believed that the release of the remaining 25 per cent of resources authorized by Council decision 88/31 A was feasible and hoped that the positive trend in voluntary contributions now in evidence would become a permanent feature. Those contributions were of great importance for the enhancement of the national capacities of recipient countries to improve the quality of their people's lives.

7. His delegation welcomed the proposal for release of the remaining 25 per cent of IPFs and SPRs and endorsed the Administrator's proposal for approval of a selective over-programming authority of 15 per cent in some SPR categories. Sri Lanka considered that the natural disaster component of the SPR programmes should receive special attention from the Council, particularly when resource allocation under the fifth cycle was considered: it had recently been one of the beneficiaries of that component, and had greatly appreciated the timely help received from UNDP.

8. There was a need for the Council to address more systematically the question of resource allocation for the strengthening of the national capacities of recipient countries. Such allocations should be increased considerably during the current cycle and should receive special attention during the fifth cycle. The time had also come for the Council to take up the question of poverty alleviation programmes. Sri Lanka had recently launched a special programme of poverty alleviation intended to develop self-reliance in the large proportion of its population whose income was less than \$US 10 per month. The programme was already in operation, but could be better executed with the help of external resources. It could also serve as a model for other developing countries which were grappling with the same economic and social problems.

9. Mr. MORALES CARBALLO (Cuba) said that his delegation supported the Administrator's proposal for release of the remaining 25 per cent of IPFs and SPRs. In connection with the Administrator's request for Council approval of arrangements allowing the borrowing of IPF entitlements from the fifth cycle, his delegation had some reservations regarding the wording of paragraph 11 (c), which seemed to imply that some countries might be penalized. If the subparagraph were redrafted to eliminate that implication his delegation would support the Administrator's proposal. It also agreed with the Administrator's proposal for an increase in the allocation for disaster assistance.

10. Mr. SAHLMANN (Federal Republic of Germany) asked for more information on the increase in the rate of appreciation of the United States dollar referred to by the Administrator in his introduction to the report (DP/1990/7). He also supported the suggestion made by the United States representative that the question of releasing the remaining 25 per cent of IPFs and SPRs should be discussed further before a decision was made.

11. Mr. KHANI (Syrian Arab Republic) said that his delegation supported Governing Council decision 89/37 and welcomed the Administrator's proposal for an increase in the allocation for disaster assistance. It also supported Council decision 89/33 and felt that expenditure should be increased over the next decade for the regional office in the region concerned.

12. Mr. WARD (Canada) said that his delegation welcomed the proposal to release the last 25 per cent of additional IPFs and SPRs, in view of the revised revenue forecast and the fact that the UNDP cash situation was causing difficulties for a number of donors. The programme should, however, be managed carefully to ensure that programme quality was not jeopardized to achieve increased delivery rates, and that UNDP did not enter the fifth cycle with IPF debts not covered by resources. His delegation agreed with the policies and proposals concerning commitments against Special Programme Resources and the proposal to borrow IPF entitlements from the fifth cycle on the conditions stated, but cautioned the Administrator on the assumptions regarding fifth cycle IPFs.

13. Mr. AQUARONE (Netherlands) said that his delegation was not able to endorse the Administrator's proposal for release of the remaining 25 per cent, and would have welcomed information on the matter at an earlier stage. It had no objection to SPR over-programming if that would not lead to over-spending in the fourth cycle. However, it would not wish any decision made during the special session to complicate the complex discussion concerning fifth cycle resources; rather, the decision on the subject should be taken during the June session.

14. Mr. OSUNA (Spain) said that the criteria for allocation and use of fifth cycle resources should not be limited to the "least developed countries" concept. Development should not be seen only in structural terms; economic aspects should also be considered. Some macro-economic indicators gave the impression that certain countries in the Latin American region were overcoming extreme poverty, but in fact their gross domestic product per capita had continued to decrease over the last five years, making the region the leader in negative growth. The healthy economies of most countries offered a sharp contrast with the difficulties experienced in much of sub-Saharan Africa and Latin America, where lack of growth led to worsening poverty, deterioration of public services essential to development, such as health and education, shortage of qualified human resources, growing malnutrition, excessive growth of cities and environmental degradation. Lower living standards created social insecurity and political instability in Latin America, which threatened democratic institutions and human rights.

15. Planning for the fifth cycle should take into account several important factors. External debt was a greater obstacle to development in Latin America than any infrastructure problems; thus, IPFs should be adjusted to correct for the external debt burden. Support for regional economic integration should be reinforced, as the economies of many developing countries lacked viability unless they were integrated into larger economic units. The discussions of the fifth programming cycle should take that factor into account, and the countries of the various regions should be receptive to concerted action on a regional scale. Environmental protection was closely linked to resource utilization, and fifth cycle discussions should address the problems of desertification and deforestation.

16. A global increase in resources was necessary, particularly those oriented to special programmes such as the eradication of poverty or environmental protection. The initiatives of some countries in the fight against drugs should also be given special consideration in the fifth cycle, with emphasis on substitution of crops. Finally, his delegation believed that IPF floors must be maintained.

17. Mr. ZIELINSKI (Poland) regretted that there had been a problem with releasing the last 25 per cent of resources in November 1989. Borrowing from the fifth cycle was an important and timely issue that should be decided at the current session to allow time for project formulation and approval. His delegation supported such borrowing under the conditions listed in DP/1990/7, paragraph 11, with the added condition of full or almost full commitment of fourth cycle IPF resources.
18. The fact that SPR commitment was so high indicated the great value of those resources. His delegation had no problem with over-programming of 15 per cent in some categories.
19. Mr. LANGENBACHER (Switzerland) said that his delegation would prefer more consultation before supporting the release of the final 25 per cent. It also had problems with fifth cycle borrowing arrangements, and would prefer the decision on that matter to be taken at the June session. SPRs were discussed every year by the Governing Council, and appeared to be viewed as an easy initial source of programme resources before looking to IPF and other funding sources. The Governing Council must adopt a coherent policy on resources.
20. Mr. de LIMA (Brazil) and Mr. ALMABROUK (Libyan Arab Jamahiriya) said that their delegations supported the release of the 25 per cent of SPR, and would support fifth cycle borrowing under the conditions listed in paragraph 11 of the report, with the exception of subparagraph (c).
21. Mr. TAL (Director, Planning and Co-ordination Office) welcomed the support expressed for Democratic Yemen and for natural disaster relief programmes and the request for additional resources. The representative of Mauritania had asked whether SPR support to disaster relief activities came under the International Decade for Natural Disaster Reduction. They were not specifically related, but UNDP was a member of the Steering Committee and had added a field-level emphasis to the Decade activities. A substantial increase in disaster management funding was proposed for the fifth cycle.
22. The 25 per cent of funds to be released represented a sum of \$150 million, taking into account both SPR and IPF resources. \$3 million would be sufficient to restore disaster management funding to its pre-1989 levels.
23. The release of the 25 per cent was not subject to paragraph 6 of the report. In essence, the date of release of the funds was simply being advanced. Regarding financing of round tables and NaTCAPs, SPRs were considered part of the core resources of UNDP, and round tables were not financed from IPFs.
24. The representative of the United States had asked what share of the 25 per cent to be released was for the first and second years of the fifth cycle, and how much of the 75 per cent was committed. The five-year planning cycle included the previous year, the current year and three future years. Expenditure targets took into consideration resources available and IPF profiles. For future years, the progression of resource commitment was based on resource availability. The 75 per cent and the 25 per cent could not really be separated, and expenditure targets and budget targets were interrelated. The current total resource pool was

(Mr. Tal)

\$850 million for 1990, \$825 million for 1991 and \$800 million for 1992, representing budgets of \$1.1 billion for 1990, \$1.13 billion for 1991 and \$1.1 billion for 1992. The planning process should not be driven by expenditure targets, as programme quality must be assured. There was a direct correlation between financial planning and programme planning. If the 25 per cent were released, that would represent an increase in expenditure for 1990 from \$815 million to \$840 million, and for 1991 from \$825 million to \$860 million, thus ensuring a smooth transition to the next programming cycle.

25. The representative of the United Kingdom had requested clarifications on the expenditure profile, in that from 1992 onwards only a 6 per cent increase was projected. For 1992, the increase would be from \$800 million to \$870 million and for 1993, from \$800 million to \$880 million. Tables 1 and 2 showed two possible calculations for current available resources. No appreciation was allowed for 1990, with a 5 per cent appreciation of the dollar in 1991. Assuming 6 per cent growth, there would be an increase from \$800 to \$870 million in 1992 and from \$800 to \$880 million in 1993. Allowing for a 5 per cent appreciation of the dollar in both 1990 and 1991, however, the base for calculation of available resources would be \$800 million. The Administrator must, on the one hand, ensure prudent release and monitoring of resources, but, on the other hand, must also see that the balance of liquid resources did not become too high. An approach of ensuring smooth growth in the programme had been pursued, so that no significant drops in resources, creating problems for programmes, would be experienced.

26. It had been asked whether a reversal of the present trend of currency parities with the United States dollar, or of contributions, would result in reductions in programming activities. Even with a substantial reversal over the next two years, no major drop would be experienced, but an orderly reduction in the long run would be necessary. A fifth cycle growth in contribution levels of 8 per cent would be needed to maintain momentum, though 6 per cent would be adequate to maintain programmes.

27. He would be glad to meet formally or informally with interested delegations to clarify the issue of the release of the remaining 25 per cent of the resources authorized by Governing Council decision 88/31 A. The Council's decision with respect to the release of the remaining resources should be taken in February 1990, since that decision would have important repercussions. In particular, the planning profile exercise for the fifth cycle, scheduled to begin in early April, was designed to establish both expenditure and budget targets, based on the final expenditures of the last year of the fourth cycle and on future requirements. If the decision on the release of the remaining 25 per cent of the resources was not made until June 1990, the planning profile exercise would either have to be postponed until July or repeated after the decision was made. Either situation would entail a substantial degree of inconvenience for programme managers.

28. In response to the point raised by the representative of the United States of America regarding SPR needs, the fifth-cycle SPR requirements would be presented in detail in a document to be issued in June 1990. With regard to the national

(Mr. Tal)

technical co-operation assessments and programmes (NaTCAPs) for 1990, at least six NaTCAPs would be initiated in 1990, and in that same year, implementation would begin on over 20 NaTCAP activities.

29. He appreciated the support expressed for the over-programming of SPRs. The manner in which SPR funds were released lent itself to under-expenditure in any given cycle. In order to obtain the level of expenditure needed to use all or a substantial part of the available resources, over-programming by approximately 15 per cent was required. The Administrator had not proposed over-programming for any categories whose financing in the fifth programming cycle was not likely to be approved by the Governing Council.

30. The representative of Sri Lanka had highlighted the issue of poverty alleviation. That item was included in the proposals for fifth-cycle SPRs.

31. Questions had been raised concerning the condition under which borrowing was authorized only if the fifth-cycle IPF of a country was expected to equal or be higher than its fourth-cycle IPF. That principle was less strict than in previous cycles, when borrowing could be authorized only in the case of IPFs which were expected to be greater than the current IPFs.

32. Some delegations had suggested that a decision on the borrowing of IPF entitlements from the fifth cycle should be deferred until the meeting of the Council in June 1990. While postponement of the decision was feasible, the Council's early endorsement of those borrowing arrangements was especially important given the lead time required for project formulation and approval. Furthermore, the provision of resources to certain countries at an early stage was necessary to ensure a smooth transition from the fourth to the fifth programming cycles. In his report (DP/1990/7), the Administrator had suggested that borrowing should be authorized only for countries where the fifth cycle IPF was expected to be equal to, or higher than, the fourth cycle IPF. However, in the light of comments made by the representative of Switzerland and others, it might be prudent to restrict borrowing to those countries where the fifth cycle IPF was certain to be equal or greater than the fourth cycle IPF, regardless of which scenario received the approval of the Governing Council. Moreover, any country that had not committed the totality of its IPF would not be eligible to borrow IPF entitlements.

33. The recommendation to release the remaining 25 per cent of IPFs and SPRs had been made to the Governing Council only after careful monitoring of the resource situation over a period of time, taking into account all the relevant variables.

34. The PRESIDENT suggested that interested delegations, in conjunction with the Secretariat, should hold informal consultations with a view to preparing a draft decision on the issue for adoption by the Governing Council at a subsequent meeting.

35. Mrs. DUDIK GAYOSO (United States of America), supported by Mr. LANGENBACHER (Switzerland), said that she failed to see how the Secretariat could draft a text concerning a subject about which agreement had not been reached. A meeting of the Budget and Finance Committee was called for.

36. The PRESIDENT said that if he heard no objection, he would take it that the members of the Council wished the Secretariat to arrange an informal meeting of the Budget and Finance Committee.

37. It was so decided.

PREPARATIONS FOR THE FIFTH PROGRAMMING CYCLE (DP/1990/8)

38. Mr. DRAPER (Administrator of UNDP) said that document DP/1990/8 had been prepared in response to Governing Council decision 89/45, which had invited him to prepare proposals, simulations and resource scenarios illustrating the consequences of the various options for the use of resources in the fifth cycle. The document contained some options which represented a significant departure from previous cycles. Some delegations had requested the preparation of additional scenarios based on options which were not addressed in the document. In that connection, it was important that the Council should provide guidance as to precisely what information was needed for the June session. Furthermore, exploratory scenarios could be prepared informally upon request.

39. UNDP programme delivery for 1990, would be some 45 per cent higher than that achieved in 1987, the first year of the current cycle. That was a significant achievement, particularly since in the past there had been some questions about the delivery capacity of the United Nations system and the absorptive capacity of recipient countries. He was committed to continuing that growth into the fifth cycle with the objective of doubling programme delivery in 1992-1996. It was his belief that real growth in programme delivery should be the minimal acceptable assumption for growth in resources in the fifth cycle. It was up to the Governing Council to provide the direction and necessary resources to meet the challenges of technical co-operation in the 1990s.

40. Central resources were fundamental to the content and scope of the programme of technical co-operation managed by UNDP in the 1990s. In the absence of central resources, UNDP would administer a technical assistance programme which did not apply the available collective experience and expertise. With central resources, UNDP could be a catalyst to development through aid co-ordination activities, quality and evaluation assessments, research and important new development initiatives.

41. Many of the issues concerning the options for country and intercountry indicative planning figures (IPFs), such as the source and use of basic data, multi-island IPFs, IPFs for national liberation movements and Namibia, the Operational Reserve and other less contentious issues should be resolved at the earliest possible stage. He would therefore welcome the Council's decision on those components of resource utilization which lent themselves to common agreement.

42. As measured by the number of documents prepared and the amount of time spent by the Governing Council and the Secretariat, the fourth cycle had been dominated by the issue of net contributor arrangements for the fifth cycle. The sensitivity of that issue warranted thoughtful deliberations and skilful compromise. He

(Mr. Draper)

therefore proposed that separate informal consultations should be held on the subject, beginning in March 1990, to facilitate the preparation of detailed proposals for the June session of the Governing Council.

43. Recent developments in Eastern Europe underscored the importance of universality as a guiding principle. Along with many other organizations in the United Nations system, UNDP was being called upon to contribute its knowledge and experience in facilitating the transition of several of those countries to sustained economic development.

44. Mr. MOUSSA (Observer for Egypt) said that the preparations for the fifth programming cycle represented the most important item on the agenda of the current special session, because of the impact the fifth cycle would have on future co-operation between UNDP and recipient Governments and the expanding role of UNDP in the 1990s. His delegation wished to reiterate its affirmation of the unique nature of UNDP as an agency of neutral and universal character which provided technical assistance and played a central role in funding.

45. With respect to the options for the allocation of country IPF resources, his delegation favoured Scenario B2 (DP/1990/8, para. 30), which envisaged a distribution based on the categories of least developed countries and non-least developed countries, provided that there was no floor or ceiling to the IPF.

46. More research was needed regarding the use of revised supplementary criteria for the fifth programming cycle. That was especially true in the case of the proposed human development indicator, given that the Administrator's report on that subject had not yet been issued.

47. The allocation for the interregional IPFs should not result in a decrease in the amount of country IPF resources. Moreover, core funds should constitute the bulk of UNDP resources. The trend towards the gradual increase of Special Programme Resources, in particular the thematic SPRs, could undermine the unbiased and stable nature of UNDP co-operation. In addition, the proposal to increase the resources for technical co-operation among developing countries activities merited special attention.

48. His delegation supported the Administrator's objective of doubling voluntary contributions in the fifth cycle.

49. Mr. BOGNER (Austria) said that, in addition to other important matters, the Governing Council had to deal with three issues of far-reaching significance. The first was the allocation of UNDP resources to country and intercountry IPFs during the fifth cycle. In view of the fact that only about 5 per cent of the total capital flow from industrial to developing countries was channelled through UNDP, his Government supported the idea that the bulk of those resources should go to the LDCs and a large part should go to global, interregional and regional programmes. However, before the Council could address the issue of fifth cycle allocations, it had to have a clear understanding of a second issue: the future pattern of agency

(Mr. Bogner, Austria)

support costs. The third issue concerned organization of the Council's work. Concrete decisions had to be made by the end of June 1990 and, in that connection, it was essential to establish a permanent or quasi-permanent mechanism for consultations among member States, the Secretariat and interested agencies. He noted with satisfaction that a series of informal consultations was already being considered by the Council, and wondered if it would be possible for such consultations to take place outside New York City.

50. Mr. VARADACHARY (India) said that while it appreciated the Administrator's report contained in document DP/1990/8, his delegation felt that the document did not adequately reflect the views expressed by delegations during the informal consultations held in October 1989, when a large number of delegations, particularly those from the least developed and low income countries, had chosen Scenario C from among the scenarios presented in a paper issued on 18 October 1989. Those scenarios should be submitted to the Council for formal consideration and, to that end, proposed that the paper should be distributed as an addendum to document DP/1990/8.

51. Calculations regarding the resources for the fifth programming cycle had to take two factors into account: the amount needed to maintain the same real level of overall delivery as in the fourth cycle and the increasing needs of the developing countries for technical co-operation. The minimal annual growth rate should be at least 8 per cent. The Council should also bear in mind the fact that uninterrupted expansion in the donor countries would enable them to provide more resources and that disarmament activities would release resources that could be used for development and technical co-operation.

52. Resource allocation should be based on the principles set forth in Governing Council decision 89/20 and General Assembly resolution 44/211, which emphasized priority allocation of scarce grant resources to low-income countries. However, the scenarios proposed by the Administrator were not fully in accord with those principles. His delegation believed that the Governing Council should not make resource allocations that excluded low-income countries, nor should it reduce the IPF allocations of such countries, unless it had decided that they no longer required technical assistance.

53. India strongly supported the ratios between SPRs and IPFs and between country and intercountry IPFs as set forth in Governing Council decision 85/16. With respect to IPF allocation, it proposed the following: (a) continued use of the floor principle. Any departure from that principle would cause a serious disruption in the flow of technical assistance to the developing countries and would adversely affect their economies; (b) granting of priority to the time-tested criteria of population and per capita gross national product (GNP); (c) a more precise classification of recipient countries so that countries with widely differing levels of development were not lumped together; (d) introduction of a weighting method for population above 100 million; and (e) the development of supplementary criteria which were quantifiable, objective, well-defined and measurable on the basis of published data. Prescriptive and subjective criteria

(Mr. Varadachary, India)

must be avoided. Greater clarity was also needed in defining social and poverty indicators. The criteria for indebtedness should not be given priority over the basic criteria of population and GNP and supplementary criteria concerning primary developmental needs, nor should they divert resources from low-income to middle-income countries.

54. The level of SPRs for the fifth cycle should be close to the level established in Governing Council decision 85/16. Any increase in the share of SPRs should be carefully scrutinized. The Council should avoid allocating too many resources to procedural activities, and the proposed allocations for the human development report and environmental activities needed to be examined in that light. India continued to regard the involvement of UNDP in the promotion of the private sector as a prescriptive activity. It questioned the proposed allocation of \$20 million for innovative approaches. Lastly, his delegation agreed that the management development programme should be funded in the fifth cycle from the IPFs of interested countries.

55. Mr. KING (Observer for Trinidad and Tobago), speaking on behalf of the Latin American and Caribbean group of countries, said that those countries had entered the 1990s in a development crisis. The general process of democratization in the region had become stronger, but a continued decline in economic and social conditions could jeopardize social and political stability. International co-operation was a key element in helping those countries overcome the crisis, and technical co-operation was critical to the promotion of development. The type of technical assistance needed might have changed, but the need itself had not disappeared. General Assembly resolutions 2688 (XXV) and 3405 (XXX) were still relevant.

56. Technical co-operation must continue to support efforts by developing countries to advance their national, subregional and regional development, and should not be thought of as paternalistic assistance. Technical co-operation through UNDP should continue to focus on development and emphasize the effective and efficient absorption of the resources allocated. The countries of Latin America and the Caribbean had always attached great importance to the work of UNDP, and had been able to make proper use of all the resources allocated for their development programmes. The resources allocated to them should be adequate to support the pursuit of their development objectives and arrest the deterioration in their economic circumstances.

57. Self-reliance must be promoted by building up productive capacity and increasing the managerial, technical, administrative and research capabilities required for development. That would be possible only if resources were provided on a continuous and predictable basis. The principles of universality, neutrality and flexibility must be fully respected in the allocation of resources for the fifth programming cycle.

58. To ensure the continued strengthening of multilateral co-operation through technical co-operation, the resources allocated to UNDP clearly needed to increase

(Mr. King, Observer, Trinidad and Tobago)

by at least 8 per cent annually in real terms, and must be distributed so as to take account of changes in inflation if the problems of developing countries were to be effectively addressed. The real value of the "floor" should be maintained in order to guarantee predictability and continuity.

59. The duration of each cycle should be kept at five years, and the relative proportions of country IPFs and regional, interregional and global programmes should be maintained. The current proportion of 80 per cent to 20 per cent in the distribution of resources between poorer countries and the rest should also be maintained in order to preserve equity. Any increase or decrease in total resources should be distributed equitably in proportion to country IPFs.

60. Given the continuing need for technical co-operation to promote development, developing countries should not be "graduated" from access to technical co-operation through UNDP. The principle of net contributor status should be given very careful consideration, taking into account the experience of the fourth cycle. The tensions which that principle had brought to discussions in the Council should be allowed to dissipate, and the full voluntary spirit and universal character of UNDP should be recaptured in the fifth cycle.

61. Finally, the Latin American and Caribbean Group believed that supplementary criteria should continue to be used during the fifth programming cycle.

62. Mr. JASINSKI (Poland) said that, knowing from experience the advantages and effectiveness of technical co-operation provided by UNDP and other United Nations organs and agencies, his delegation would wish the overall volume of resources for the fifth cycle to be at the highest possible level. Technical co-operation was important in much more than merely financial terms. His delegation broadly agreed with the proposed distribution of resources for different categories of programme, welcoming in particular the emphasis on the environment, poverty alleviation, technical co-operation among developing countries, management development and new initiatives. The proportion of fifth cycle resources allocated to intercountry IPF programmes should not be less than during the current cycle; at the same time, even greater involvement of both IPF and non-IPF countries in regional, interregional and global programmes should be encouraged. The experience of such co-operation within, for example, the regional programme for Europe was an argument in favour of enhancing such activities, especially since they tended to reinforce activities carried out under country programmes.

63. On the question of resource allocation to individual country IPFs, he welcomed the information and ideas in document DP/1990/8. The Administration deserved praise for initiating a series of consultations before the current meeting on the economic and social situation of various countries and their need for technical co-operation, from the United Nations system in particular. In Poland's view, supplementary criteria for IPF allocation had assumed increasing weight vis-à-vis the basic criteria. In 1989, the Council had discussed the problems of a number of countries which, despite relatively high per capita GNP, were facing a serious deterioration in economic conditions, and criteria for allowing such countries

(Mr. Jasinski, Poland)

special treatment in respect of their monetary obligations towards UNDP had been drawn up (DP/1990/8, annex III). Now another group of countries faced difficult economic and social conditions as a result of changing from an old to a new economic system. One such country was his own, which had just embarked on a very difficult economic programme approved by the International Monetary Fund. The ultimate goal was to turn the Polish economy into an efficient tool for creating national wealth and a healthy part of the international trade system. Assistance in that endeavour was, however, badly needed. Accordingly, he fully supported the inclusion of the criterion "economy in transition" into the set of supplementary criteria. Increased technical assistance to countries in that category would be in the interest of the whole international community. Countries transforming their economic systems, at the cost of enormous sacrifice by their populations, should be given special treatment by UNDP. The Administration should develop a set of measures for determining whether countries qualified for special assistance as economies in transition. In all probability, such a classification would be a one-time operation applicable only to the forthcoming programming cycle. The appropriations for the fifth cycle could also provide an opportunity for considering any outstanding claims that countries had not been allocated adequate IPFs in previous cycles.

64. Mr. OSELLA (Observer for Argentina) endorsed the remarks made by the Observer for Trinidad and Tobago. He pointed out that all the scenarios envisaged in document DP/1990/8 implied real reductions in the resources allocated to the Latin American and Caribbean region despite the fact that conditions throughout the region had declined in the 1980s. As the economic stagnation in the region was in part the result of external factors, which could not be resolved simply through changes in domestic policy, the basic criteria currently in use did not seem to reflect the reality of the situation. They needed to be revised, for otherwise the decisions taken would adversely affect the universality and neutrality of the programme.

65. He reaffirmed the principle of the "floor" for resource allocations during the fifth cycle. The floor should not be lower than that set during the fourth cycle, since the situation in the region was not such that countries could accept any reduction. The current proportions of country IPFs to regional, interregional and global programmes needed to be maintained.

66. Paragraph 38 of document DP/1990/8 referred to some supplementary criteria and indicators. His delegation felt that those used by the Economic Commission for Latin America and the Caribbean in its studies on critical poverty also needed to be taken into account in order to reflect the true situation in Latin America correctly. If purchasing power was measured by the proven yardstick of hours worked to buy a standard basket of goods, it would be seen to have dropped alarmingly in the region over the past decade.

67. Special programme resources were, in his delegation's view, chiefly of interest for topics that could attract financial and technical resources beyond those available from the core programme. The extra resources could be multilateral

(Mr. Osella, Observer, Argentina)

or multilateral; it was hard to determine how a project should be financed without knowing its terms of reference. The proposals made in paragraphs 11 to 26 of document DP/1990/8 should remain under discussion on the assumption that they would not affect the allocation of resources to country IPFs and regional programmes.

68. He was confident that the Latin American and Caribbean region would be able to continue to participate in UNDP activities on the same terms as before. If not, the universality of the programme would be adversely affected, and that fact would be reflected not only in the funding and execution of projects but in participation by the countries of the region in UNDP itself.

69. Mr. OGAWA (Japan) said that the informal consultations on the fifth cycle, which had already been held would, in his delegation's view, greatly facilitate a decision at the forty-seventh session. The fifth cycle should be considered rather from a broad perspective - how to make UNDP activities more effective and efficient - than from the narrow one of how to distribute resources; decisions on the fifth cycle should be considered as a package including other specific measures to improve operational activities by UNDP and, indeed, the entire United Nations system.

70. His delegation felt that debate on the most realistic figure for real annual growth in fifth cycle resources was rather academic. The figure for annual growth was simply an instrument for financial planning, and should not be used as a yardstick for measuring the financial or political commitment of donors. His country was firmly committed to supporting UNDP activities, but its support would depend on various factors, including unforeseen requirements in its official development assistance budget and, more important, the effectiveness and efficiency of UNDP programmes. For those reasons, and for the sake of financial prudence and credibility, his delegation favoured a figure in the range of 5 to 6 per cent annual growth for the period 1992 to 1996.

71. In principle, his delegation supported the proposal to increase the share of special programme resources to 5 per cent of the total, but required more detailed justification for the specific figures given in document DP/1990/8, table 2. It was not convinced by the explanation given for the cut in resources for the management development programme. While it agreed that funds for the programme were intended to be seed money, to be supplemented by funding from other sources, it had not expected the programme to be scaled down or phased out, particularly at such an early stage. He called for further information on current commitments and prospective resource requirements before any decision was taken on the matter.

72. His delegation was of the view that development needs were not necessarily commensurate with the population of any particular country: the weight accorded to population might be reduced by, for example, introducing a ceiling for the weighting. The result might be to increase the share for small countries, many of which had greater need to strengthen their national capacities. In that connection, he believed that the adoption of least-developed country status as a criterion for resource allocation merited positive consideration.

(Mr. Ogawa, Japan)

73. The principle of net contributor status was important, and should be maintained. There was, however, a need for refinements in the specific arrangements to put the principle into effect, and in that regard he welcomed the Administration's proposal.

The meeting rose at 12.55 p.m.

