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SUMMARY RECORD OF THE 6th MEETING

Held at Headquarters, New York,
on Wednesday, 21 February 1990, at 3.20 p.m.

President: Mr. POPESCU (Romania)
later: Mr. BABINGTON (Australia)
(Vice-President)

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Preparations for the fifth programming cycle (continued)

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The meeting was called to order at 3.20 p.m.

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

1. Mr. OSUNA (Spain) said that he wished to clarify that his remarks at the previous meeting should be seen in the light of the subsequent debate.
2. Mr. MILINTACHINDA (Observer for Thailand) said that while he agreed that, as stated in the note by the Administrator (DP/1990/8, para. 4), a change in the length of the programming cycle and a possible introduction of a rolling cycle had not carried support, there had instead been considerable support for a proposed ceiling of 75 per cent on the carry-forward of indicative planning figure (IPF) entitlements between cycles as a good way of promoting programme delivery as a whole.
3. On the question of the share of total fifth-cycle resources to be allocated to Special Programme Resources (SPR), his delegation found the huge increase proposed in the percentage share of SPR-financed programmes (DP/1990/8, para. 11) unacceptable. The estimated figures for aid co-ordination, programme development and the new thematic SPR given in table 2 were too high, and could surely be lowered.
4. Thailand believed that the intercountry IPF programmes should continue to receive a 19-per-cent share of total fifth-cycle IPF resources. The various scenarios for the allocation of IPF resources to individual country IPFs would, to judge from the figures in annex I, lower the IPFs for one group of countries if those for another group were raised. Such an impact could be avoided if the fourth-cycle guidelines and criteria were applied to the fifth cycle, allocating 80 per cent of the total amount available for individual country IPFs to low-income countries. As to the least developed countries, more resources would be allocated to them through the proposed new "human development" supplementary criterion (DP/1990/8, para. 38), which his delegation would support.
5. Also in connection with the supplementary criteria, the Council should reconsider the methodology by which countries with high population growth rates were rewarded and those with successful family planning policies were penalized: success in family planning should be made one of the supplementary criteria.
6. Mr. DORANI (Djibouti) appealed to donor countries to increase their contributions by 6 to 8 per cent in real terms. Furthermore, the resources allocated to the least developed countries should be raised to 60 per cent of the budget. Special Programme Resources (SPR) should be substantially increased for developing countries with specific problems and for the least developed countries, Djibouti among them.
7. The various resource scenarios proposed by the Administrator in document DP/1990/8, based as they were on traditional criteria without regard for other criteria such as standard of living, education and health, did not reflect the real

(Mr. Dorani, Djibouti)

economic and social picture in the developing countries. There should be further discussion on the criteria to be adopted before taking a decision on the allocation of funds. Djibouti considered that scenario E1 (DP/1990/8, para. 33), which took into account the human development indicator, was the most appropriate.

8. UNDP had used an incorrect statistical base to determine Djibouti's population and per capita gross national product (GNP): the correct figures were a population of 510,000 and a per capita GNP of \$475. The official statistics published by each country should always be used as the base.

9. Mr. DINU (Romania) said that the political will of the developed countries would be crucial in the next cycle, as would an efficient use of existing resources. The alternative scenarios proposed by the Administrator for raising the rate of voluntary contributions seemed to offer a good basis for discussion. Realism demanded recognition of the growing economic and social difficulties faced by many developing countries. His own country, for instance, facing an economic crisis during a painful transition, needed development assistance more than ever, yet UNDP was planning to reduce its allocation. The statistics used for the GNP and other indicators, moreover, should be revised to reflect the true figures: in Romania's case, the GNP had been grossly exaggerated. Realism also demanded the recognition of the unprecedented détente prevailing in international relations, one tangible proof of which would be a real growth in voluntary contributions to UNDP, as advocated in General Assembly resolution 44/211.

10. Among the various scenarios proposed by the Administrator, Romania favoured maintaining the floor principle and the traditional criteria and adopting the proposed new criteria in table 3, particularly the "economy in transition" criterion listed under economic and foreign-trade indicators and the human development indicator listed under social and poverty indicators. The implications of any new criteria should, on the other hand, be carefully studied, particularly any social and economic costs involved, such as inflation.

11. Romania endorsed the Administrator's proposal (DP/1990/8, para. 11) to increase the percentage share of programmes financed from Special Programme Resources (SPR) to 5 per cent, although the specific sum would depend on the total resources available. More assistance should be given particularly for reconstruction and rehabilitation and technical co-operation among developing countries (TCDC) as listed in table 2. Also, the intercountry IPF programme share of total IPF resources should be maintained at 19 per cent (DP/1990/8, para. 27).

12. Mr. DJOUDI (Observer for Algeria) said that UNDP, in mobilizing the critically needed resources for development and making preparations for the fifth cycle, should be guided by its experience. The same basic principles that had governed the four preceding cycles must be applied to the proposed scenarios, which should be consonant with paragraph 13 of the 1970 consensus in the annex to General Assembly resolution 2688 (XXV). Thus, any scenario based on zero real growth would be out of step with the understandings reached in previous Assembly resolutions.

(Mr. Djoudi, Observer, Algeria)

13. In keeping with those same basic principles, a significant proportion of fifth-cycle resources must continue to be allocated to the least developed countries, and it was an unacceptable divisive tactic to lump them together with the developing countries as a whole when discussing resource allocations. Any reduction in overall resources should be dealt with not by reducing programme resources but rather by reducing administrative and support costs.

14. The basic principles underlying operational activities for development also demanded a strict observance of the floor principle. If resources were to be predictable, the erratic fluctuations of exchange rates that were seriously disturbing programming efforts must be eliminated.

15. For all their defects, the basic criteria of GNP and population were still valid in determining the allocation of resources. His delegation therefore regretted that it had been decided to abandon the international comparison initiated during the fourth cycle in order to develop reliable ways of estimating real GNP. The shortcomings of the basic criteria were aggravated by the use of outdated statistics. It was logical that a fifth cycle starting in 1992 could not be based on 1988 data. The statistics used for Algeria in document DP/1990/8, for instance, in no way reflected the prevailing situation because they disregarded recent adjustments, and his Government hoped that the necessary corrections would be made.

16. Any new supplementary criteria that might be introduced should serve the traditional purpose of tempering the inequities arising from the application of the two basic criteria. Yet the proposed human development indicator (DP/1990/8, para. 38) would have the opposite effect by rewarding policies that ignored social justice and the human element in the distribution of national income. The deleterious effects of introducing that criterion would be compounded by the proposed deletion of the traditional "social justice" criterion (*ibid.*, para. 34), just as would the replacement of the existing international debt indicators by the new criterion of severe indebtedness (*ibid.*, para. 37).

17. Algeria believed that any increase in Special Programme Resources (SPR) should be channelled towards financing co-operation for development. The proposed allocation of \$5 million to the publication of yet another report on human development was in no way a priority. The proposed allocations to environmental protection activities were, on the other hand, a matter of priority, and an explicit reference should be made to the struggle against desertification and drought as a universal problem. Environmental protection depended on the revival of the economic growth of developing countries, which must remain a goal of UNDP during the fifth cycle.

18. Mr. AGUILAR-HECHT (Guatemala) said that in view of the deteriorating economic and social situation in Central America, the Central American authorities responsible for executing the Special Plan of Economic Co-operation for Central America, initially conceived as a three-year plan ending in 1991, had agreed to request that continued SPR financing should be included in the fifth cycle, at the

(Mr. Aguilar-Hecht, Guatemala)

same level in real terms as the fourth-cycle allocation. The successful termination of the projects and programmes begun under the Plan required renewed assistance from the international community and UNDP in particular, if the 1987 Guatemala Agreement was to be implemented. Central Americans were convinced that peace, development and democracy were inseparable. The Central American Presidents, at their meeting in December 1989, had underscored the continuing importance of the Plan for economic and social development as a prerequisite for peace. Security Council resolution 637 (1989) had also expressed firmest support for the Guatemala Agreement, which had led to the Plan. He hoped that the request for the inclusion of financing for the Plan in the fifth cycle would receive the Council's support.

19. Mr. FERGUSON (Guyana) said that his delegation supported the statement by the observer for Trinidad and Tobago on behalf of the Latin American and Caribbean region concerning the fifth cycle. His delegation wondered if the thematic approach would compromise UNDP's universal character and its development role. In order to fulfil that role, UNDP must continue to focus on the ever-present themes of the quality of life, low standards of living in developing countries, weak infrastructures and social, educational and health problems.

20. While his delegation supported General Assembly resolution 44/211, the practice of increasing assistance on the basis of need, rather than on development efforts made by beneficiary countries, did not encourage capacity-building. The current criteria should be changed, as they discriminated against countries with small populations, whose needs were as great as those of other countries. The supplementary criteria should also be improved. The elimination of intercountry programming would weaken UNDP by doing away with regional programmes, which recognized subregional activities for co-operation and integration. Without intercountry programming, the countries of the Caribbean Community (CARICOM), which received barely 1 per cent of all programmed resources, would be further marginalized. Clearly, that situation would be unacceptable. In view of the rapid changes in the global economy and the persistent economic problems of developing countries, the need for adequate resources was critical.

21. Mr. Babington (Australia), Vice-President, took the Chair.

22. Ms. AL-AWADI (Observer for Kuwait) said that certain countries' requests for increased support were justified. Her delegation endorsed the Administrator's request for \$11 million to support the Palestinian people in the occupied territories, whose intifadah was in its third year. UNDP and the international community should increase their assistance to the Palestinian people, whose living conditions were harsh, and whose basic right to live in freedom and dignity was denied.

23. Her delegation fully supported the Administrator's proposal to provide over \$55 million in Special Programme Resources (SPR) to deal with environmental problems in the least developed countries. The special needs of those countries in the areas of education, health care and human resources development should also be studied, and assistance should be increased accordingly.

24. Mr. VARGAS (Observer for Brazil) supported the statement by the observer for Trinidad and Tobago on behalf of the Latin American and Caribbean region concerning the fifth cycle. It was his delegation's understanding that, beyond a mere statistical exercise, the allocation of resources for the fifth cycle reflected the political will of the international community to strengthen multilateral co-operation for development. The need for financial resources for development was particularly great in Latin America and the Caribbean, where the external debt crisis, inflation and the economic consequences of stabilization measures increased the risk of social unrest. An increase in real terms in resources for the fifth cycle and the maintenance of the floor principle were therefore imperative. It was regrettable that an 8-per-cent increase - which his delegation believed was the very minimum - had not been considered among the alternatives presented in the Administrator's note (DP/1990/8). The note was also timid in that it selected only two bases for outlining resource scenarios. It was not clear why there was no scenario which maintained the floor but dispensed with the ceiling.

25. The basic criteria for the allocation of resources should be adjusted so that they would genuinely reflect the situation of the countries concerned. As in the current cycle, 19 per cent of the total resources should be allocated to intercountry IPFs, and 81 per cent to country IPFs. Supplementary criteria should be maintained and improved and, in any case, should not distort IPF calculations. In conclusion, information on allocations for each recipient country in the current cycle, the return generated by those resources, and the nature of the projects for which the resources were utilized would facilitate the Council's deliberations at the June 1990 session.

26. Mr. TEODOROVICH (Union of Soviet Socialist Republics) said that experience had demonstrated the need for flexibility and realism in the allocation of development resources and for a mutually acceptable and consensual resource scenario alternative based on a conservative assessment of growth in voluntary contributions; it was easier to make rational use of additional resources than to scale back projects on which much work had already been expended. Since resources would never be adequate to demand, priorities and criteria had to be established to ensure a sufficiently stable and balanced policy.

27. Greater attention must be paid to a more effective distribution of allocations to SPR and IPFs both for intercountry programmes and for individual countries. Machinery was needed to permit more effective correction of the level of IPFs in accordance with the level of contributions and existing trends, and to solve problems arising in a balanced way without injuring the interests of individual countries or regions.

28. He endorsed the proposal to increase the financing of SPR from 3.5 per cent to 5 per cent because it reflected the current international economic situation and would make it possible to increase UNDP's contribution to the solution of social problems and would stimulate new approaches to economic co-operation and development. Regarding IPFs, he said he was concerned about the transfer of accumulated unused resources from one cycle to the other and could not agree to ceilings. Countries in which IPFs were apparently not being fully used for any

(Mr. Teodorovich, USSR)

reason would need much greater help when those reasons ceased to impede the execution of technical assistance programmes. As for the basic principles underlying resource distribution, it should be kept in mind that absolute objectivity would never be possible.

29. The new supplementary criteria proposed by the Administrator reflected ongoing changes and were subject to evaluation and identification. The explanations in paragraphs 36 and 37 of his note (DP/1990/8) could become the basis for the integration of the criteria into the existing structure and could be elaborated taking into account the views of all parties concerned. That applied equally to the possible criteria for waiving net contributor obligations discussed in annex III to the Administrator's note.

30. The Soviet Union remained a firm supporter of UNDP. It was itself in a period of unprecedented economic reform and fully took into account the new world economic situation and the economic interests and priorities of its trading partners in the West and in the South. It was establishing new machinery for co-operation in Eastern Europe, whose potential for contributing to the system of multilateral technical assistance deserved the Administrator's attention.

31. The equal and full participation of third-world countries in international economic relations would help depoliticize economic aid, expand inter-State co-ordination in that area and help implement the principle of disarmament for development. The latter would release resources for promoting the growth of the developing countries and for intensifying the economic activities of the United Nations, including UNDP.

32. Mr. ROHNER (Switzerland) proposed an alternative approach to resource allocation which differed from the Administrator's approach with respect to the functions of country IPFs, the net contributor principle and the integration of intercountry IPFs and Special Programme Resources (SPR). Available resources for country IPFs should be allocated largely to the least developed countries and other low-income countries for financing technical co-operation. In the middle-income countries, IPFs should be used as "seed money" to generate programmes of technically advanced co-operation. Those countries would receive a package consisting of a fixed, relatively small IPF; priority access to UNDP's "other programmable resources"; and a standard UNDP country representation and specific services to assist Governments in the generation and co-financing of programme activities.

33. Under the Swiss alternative, the net contributor principle would be replaced and UNDP field office presence in a country would be linked to programme activities financed out of core and non-core resources (co-financing). In middle-income countries, the package would be contingent on the generation of a certain level of programme activity. Intercountry IPFs, SPR and funds of other centrally managed programme activities would be combined into a single category entitled "other programmable resources", to be allocated on the basis of regional and thematic criteria.

(Mr. Rohner, Switzerland)

34. The Swiss proposal for distributing fifth-cycle resources, detailed in an annex to his statement, provided for 75 per cent of field programme resources to be allocated to country IPFs and the remainder to intercountry IPFs, special programme resources and "other programmable resources". The least developed countries would receive 60 per cent of IPF resources. Of the remaining 40 per cent, fixed IPFs of \$1 million would be allocated to middle-income countries with a per capita income of over \$1,500 as part of their assistance package. The breakdown under intercountry IPFs/other programmable resources would be: 40 per cent to regional programmes, 10 per cent to global programmes, 40 per cent to thematic programmes and 10 per cent to the traditional SPR.

35. In each of the four Swiss scenarios, an annual growth rate of 6 per cent and \$989 in programme resources for 1991 were assumed. The first and second scenarios would be based on Governing Council decision 85/16. In the second, third and fourth scenarios, 75 per cent of resources would be allocated to country IPFs. In the third scenario, the country IPFs would be distributed as proposed by the Administrator, and in the fourth, 60 per cent of the country IPFs would be allocated to the least developed countries.

36. A separate table for each scenario should be presented to the Council. These tables should list countries in ascending order of their GNP/per capita income and, at the end, indicate total country IPFs per region, and the total for the least developed countries and other low-income countries per income group. Columns should be labeled "GNP per capita income for 1988"; "GNP per capita income for 1983" (the basis of the fourth programming cycle); "population 1988"; "population 1983"; and "fourth-cycle IPF". There should also be a column showing distribution criteria based on per capita income brackets of up to \$375, \$750 and \$1,500, and a floor, supplementary criteria and population weighting, all in accordance with decision 85/16. Another column would show the same income breakpoints but with no floor, no supplementary criteria and a population weighting above \$100 million constant.

37. Mr. SOTIROV (Bulgaria) said that while UNDP's focus on the least developed countries and global issues, such as the environment, was understandable, the Programme must not lose sight of the principles of universality and non-conditionality. Supplementary criteria for calculating individual IPFs should take into account external debt, economic transitions and the acute environmental problems in certain European countries. UNDP should also effect mid-term adjustments in order to update the often obsolete data used to calculate individual IPFs. For example, as Bulgaria underwent a transition, gradual price decontrol was straining the economy and causing social tension. In December alone, industrial production had decreased by 12 per cent. The Bulgarian external debt was also the third largest per capita of any Eastern European country. Such more recent factors should be taken into account.

38. During the fifth cycle, Bulgaria's IPF should be focused on two priority areas: environmental protection measures and management. As environmental problems knew no borders, measures taken in Bulgaria with UNDP assistance might

(Mr. Sotirov, Bulgaria)

ultimately benefit other countries. With UNDP assistance at the macro-economic level, Bulgaria could resolve problems in its economy, with a view to becoming a large UNDP contributor, even in convertible currencies.

39. Mr. MAJLOOR (Netherlands) reaffirmed his delegation's basic position in favour of concentrating UNDP resources on the poorest countries - those most in need of technical assistance - and of taking a more thematic approach in the hope of attracting more core resources for the Programme. In that sense, the fifth-cycle orientation would have larger implications for future programming cycles. Since, ultimately, donor contributions would be based on national aid budgets and the attractiveness of UNDP relative to other programmes fixing a 6-per-cent nominal growth rate seemed realistic. Alternatives to using the United States dollar in calculating the overall level of available resources continued to be of interest to his delegation.

40. While his delegation favoured the expansion of Special Programme Resources (SPR), it was not yet prepared to accept the sub-division of those resources into themes or programmes, such as disaster relief, based on the limited information provided in the Administrator's note (DP/1990/8).

41. If greater attention was to be devoted to the poorest countries, the floor principle must be eliminated. In that connection, information on the total resources allocated to the least developed countries - both from country and non-country IPFs and from SPR - would be useful. With respect to the net contributor status, his delegation would prefer to pursue the idea of allocating the same IPF to every country with a per capita GNP over a certain amount - \$US 1,500, for example.

42. The Swiss proposals concerning approaches to the fifth cycle should be duly considered in future Council discussions. In conclusion, his delegation would appreciate information on UNDP activities contemplated for Eastern Europe. The Eastern European countries should receive considerable assistance to support their economic reforms, but not to the detriment of the poorer countries.

43. Mr. CHAUDOUET (France), referring to the resource scenario options for the fifth cycle described in paragraph 5 of the Administrator's note (DP/1990/8) said that he preferred alternative 2, which assumed an annual growth rate of 8 per cent. One could not know what the inflation rate would be and the need was for growth in real terms. Nor was there any certainty that increased contributions would be forthcoming from donors as a consequence of reductions in military expenditure; resources could be attracted only through efficiency and quality. He renewed his request for a study of the impact of dollar fluctuations. Calculations should be based on a basket of currencies and IPF resources should be concentrated on the least developed countries. The principle of universality must also be kept in mind.

(Mr. Chaudouet, France)

44. He could agree to doubling the allocations to SPR if those allocations were judicious, and he stressed the importance of disaster relief and good personnel training as well as the need for further improvement in aid co-ordination. He was surprised by certain cuts proposed by the Administrator and felt that his note should have provided more information on areas of activity as well as an assessment of activities.

45. Ms. COLLOTON (United States of America) said that the funding strategy for the fifth cycle should reflect financial and political realities. It would be prudent to make conservative projections that could easily be revised. The focus should be simply on maintaining the current level of programming. As for the concentration of resources on the poorer countries, she said that technical assistance should go primarily to countries that had no other alternatives for meeting their needs. The floor principle and the principle of graduation should be retained. She wanted no major changes in current supplementary criteria, and more focus on cross cutting issues of global concern through centrally managed and other resources and co-ordination of programmes.

46. UNDP could point to a number of successes in areas such as AIDS, tropical-disease research, drug research and pest control. Its research on slash-and-burn agricultural practices and on improving the potato crop would help many countries. Scientists trained in the genetic evaluation and utilization of rice had also scored notable successes. UNDP would, of course, have an important role to play in the drug programme outlined at the current special session of the General Assembly.

47. Member States should become more involved in the quality of programmes and should consider ways to improve control. UNDP should consider the establishment of partial project funding arrangements, as in the case of the United Nations Development Fund for Women. The proposals put forward by Switzerland were interesting and deserved further exploration. The concept of adjusting IPFs to the specific needs of individual countries was a good one, as was the idea of having field offices in countries with limited IPFs. Further consideration should also be given to the idea of combining the centrally managed resources and the global and interregional IPFs with more systematic planning and programming of their use. She supported the comment by the representative of Japan on the distribution of SPR and would like details of specific proposals.

48. Mr. PERERA (Sri Lanka) said that his Government was interested in any changes in the resource allocation process for the fifth cycle. The Administrator's note (DP/1990/8) provided a realistic resource scenario, but a 6-per-cent growth rate in voluntary contributions would be just enough to maintain the current programme level, provided inflation did not exceed 6 per cent. Since UNDP had to respond to increasing needs, a resource scenario based on a higher rate of voluntary contributions was necessary to provide at least a modest growth rate.

49. He approved of the scenario in alternative 2 in paragraph 7 of the Administrator's note and supported the maintenance of the floor principle in the

(Mr. Perera, Sri Lanka)

allocation of country IPFs. He further supported the increased provision proposed for disaster relief and appreciated the need for improved aid co-ordination and programme quality and delivery, but he felt that the increase in the allocation for disaster relief was too modest when compared to the increase in the allocation for aid co-ordination. Disaster management in particular needed further support. He could not support new SPR-financed programmes because they would involve a reduction in the country IPF. Greater reliance on national consultants and agencies could make UNDP more cost effective and address national priorities more effectively. In the allocation of SPR funds, more weight should be given to disaster management and environmental and poverty-alleviation programmes. He favoured continuation of the current share of 19 per cent of the IPF for the intercountry programmes.

50. Mr. LOPES DE COSTA (Portugal) said that the Administrator's note (DP/1990/8) had incorrectly listed his country as a recipient when in fact it was a net contributor. He supported the Swiss proposal concerning the fifth programming cycle option and favoured greater concentration on the poorest countries and increased funds for the least developed countries.

51. Ms. HELLSTROM (Sweden), speaking on behalf of the Nordic countries, said that studies showed that there was a need for changes in United Nations technical assistance, and she stressed the need for efficient and coherent delivery geared to the needs of the recipient countries.

52. UNDP's funding assumptions should be realistic and based on anticipated voluntary contributions to core sources alone. If more countries would meet the recommended target of 0.7 per cent of GNP, UNDP's resources could be increased considerably. The considerable contributions of the Nordic countries to UNDP should not be taken for granted. The content and direction of its activities, and its willingness to implement reforms, would have a decisive impact. The growth target in the lower range of options presented by the Administrator seemed adequate and would avoid the disruptions that had arisen in the past from unrealistic targets.

53. The distribution of resources should take into account the multilateral, universal and voluntary character of the Programme. Universality, of course, meant that all members participated in the work of the Programme in different ways and not that they all were entitled to receive IPFs. The trend towards an increased share of resources going to the poorest, and particularly the least developed countries, should continue.

54. She agreed to an increase in centrally managed resources in the fifth cycle in order to allow for a more active role in dealing with internationally agreed priorities, particularly environment and the integration of women in development. Activities to increase regional co-operation and deal with regional problems should be intensified. The programming and implementation of non-country IPFs needed improvement. The proposal to increase SPR to 5 per cent of total resources was interesting. The focus of SPR should be to improve programme quality, national

(Ms. Hellstrom, Sweden)

capacity-building and co-ordination. The formula for the distribution of IPFs should be simplified. Graduation and net contributor status should be maintained and the floor principle should be abolished. The per capita GNP and population criteria should be maintained, while supplementary criteria should be limited and objective and should enhance the poverty orientation of the programme.

55. Mr. PETTIT (United Kingdom) said that the fifth cycle should be regarded as constituting a new start and that only the better features of previous cycles should be retained. For planning purposes, a base-year figure and a figure for annual increments were needed, and he proposed that they should be \$980 million in 1991 and 4 per cent, a realistic rate, respectively. It was to be hoped that those figures could then be translated into SPR, as proposed by the representatives of France and the Netherlands.

56. The current distribution of resources among countries did not adequately reflect the priorities stipulated in Governing Council decision 89/20 or General Assembly resolution 44/211. In fact, a study by the World Bank indicated that UNDP was currently the least poverty-conscious of the major multilateral development agencies. The Programme should substantially redirect its general resources to poor countries, particularly those where human resource development was most lacking. His delegation consequently supported the proposal by the representative of Switzerland regarding a prior allocation of resources to least developed countries in order to effect a substantial increase in their share of IPF resources. Individual allocations should then reflect the criteria adopted by the Council, such as per capita GNP or population. An alternative to prior allocations might be the adoption of an acceptable human resources development indicator to replace the criterion of per capita GNP. Perhaps the secretariat could develop such an indicator for submission to the Council at its June 1990 session.

57. The Programme's focus on poverty should be enhanced not only by increasing the share of resources allocated to least developed countries but also by instituting an appropriate cut-off for mainstream IPF assistance. In that regard, his proposal differed slightly from that of the representative of Switzerland in that the cut-off of grant assistance should be the criterion used by the World Bank for determining International Development Association (IDA) eligibility.

58. Allocations should not be affected by a floor; the retention of that principle had diverted resources away from those most in need. Nor was there any need to develop supplementary criteria for allocating resources. The main criteria in use - per capita GNP, human development indicators and population - were adequate, with indebtedness adequately reflected in the human development indicator.

59. The net contributor principle had achieved some of its objectives and ought to be abandoned. The Council should be content with an absolute but sensible cut-off point and with new arrangements, to be identified, for facilitating access by middle-income countries to United Nations assistance. He endorsed the ideas put forward by the representative of Switzerland regarding seed money for middle-income countries and the retention of a field office for the United Nations system, the expense of which would be borne by the international community.

(Mr. Pettitt, United Kingdom)

60. Regional and interregional IPFs should be considered along with other programmable resources. Financing should of course go to activities with a successful track record, such as those in the Caribbean, but emphasis should also be placed on priority concerns of the international community and priority access to those resources by middle-income countries.

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

62. Mr. MORALES CARBALLO (Cuba) said that his delegation endorsed the statement made by the observer for Trinidad and Tobago on behalf of the Latin American and Caribbean States. Clearly, the fifth programming cycle was extremely important from both a financial and a political point of view for donor and beneficiary countries alike. Beneficiary countries hoped, with justification, that resources would increase, particularly as the current world economic situation was more serious than ever.

63. The work of UNDP had been very successful largely because it was based on the principle of the 1970 consensus and the Programme's respect for the sovereignty of recipient Governments. In view of that success, his delegation saw no need to effect changes in a programme that received universal support.

64. It was obvious from the documents before the Council that an increase in UNDP resources was favoured. In view of the developing countries' needs, his delegation believed that projections for such an increase should be based on an annual growth figure of 8 per cent in real terms, a figure supported by other delegations. His delegation also favoured allocating 81 per cent of resources for country IPFs and 19 per cent for regional and interregional IPFs. Other basic assumptions were that the fifth cycle would have a duration of five years, the basic criteria would be population and per capita GNP, and that regional IPFs would be distributed as they had been during the fourth programming cycle. In addition, countries which did not fully utilize their IPFs from the fourth cycle would be provided with supplemental resources so that their IPF would not change in the fifth cycle, thereby maintaining a floor.

65. In the event that the resources mobilized fell short of targets, all IPFs would be reduced by a fixed percentage rather than by any other criterion. If resources were mobilized in excess of targets, IPFs would likewise be increased by a fixed percentage. No restrictions would be placed on the carry-over of resources from the fourth to the fifth cycle, and the operational reserve would be maintained at current levels. Finally, 80 per cent of country IPFs should be allocated to the poorest countries, as had been the case during the fourth cycle.

66. The Council should consider the possibility of setting additional criteria, in accordance with the needs of developing countries. With regard to Special Programme Resources (SPR), his delegation believed they should be maintained at current levels.

67. Mr. SAHLMANN (Federal Republic of Germany) said that the proposals by the representative of Switzerland presented novel ways of strengthening UNDP, and he asked the UNDP secretariat to draw up scenarios based on those proposals. He also endorsed the principles enunciated by the representatives of the Netherlands and Sweden with regard to the fifth programming cycle.

68. Optimum use of available multilateral technical assistance resources dictated that limitations should be set on the carry-over of IPF entitlements from the third to the fifth programming cycle. Resource scenarios for the fifth cycle should be approached realistically. His delegation could not accept a projected inflation rate of 6 per cent, finding 4 per cent adequate. Thus, to achieve a real annual zero-growth scenario, a 4-per-cent annual increase in resources would be required. However, determining a realistic scenario was dependent on the way resources were used. To attract significantly greater resources, a framework for resource use must be identified. Accordingly, resource scenarios should be based on the structure of the fifth cycle, and not the reverse, as implied in document DP/1990/8.

69. An increase in well-focused SPR would attract more core resources for UNDP as a whole. His delegation therefore believed a substantial increase should be made in the share of resources allocated for SPR during the fifth cycle. In addition, country IPFs should be concentrated to a greater extent on the neediest countries.

70. He had several questions about the Administrator's proposals concerning the various categories of SPR programmes as set out in document DP/1990/8. First, additional information was sought on the new field co-ordination activities (para. 15). He also wished to know how the structure of the fifth cycle would improve programming. He wondered why the Management Development Programme (para. 23) was to be cut by 50 per cent during the next cycle, and asked how the domestic development programme of the United Nations Volunteers programme was to be financed during that cycle, suggesting that it might be included among the thematic SPR. Finally, he wished to know how UNDP intended to finance external independent evaluations of its programmes during the forthcoming cycle.

71. Mr. KRSTAJIC (Yugoslavia) said that the basis for the Governing Council's consideration of the fifth cycle was to be found in its decision 89/20 and in General Assembly resolution 44/211. Particularly important was the emphasis placed in the aforementioned decision on the priority allocation of resources to low-income and - especially - least developed countries.

72. His delegation agreed that there should be a greater increase in resources during the fifth cycle and thus believed that the growth rate assumed in resource scenarios should be equivalent to the real growth rate if programme-delivery levels were to be maintained. Any option based on an inadequate annual growth rate might jeopardize the role of UNDP. That role had decreased in importance during the 1980s when compared with the performance of other agencies such as the World Bank.

(Mr. Krstajic, Yugoslavia)

73. With regard to the share of total resources to be allocated for SPR during the fifth cycle, his delegation agreed with the new multi-purpose concept set out in chapter II of the report. His delegation supported increasing SPR within fifth-cycle allocations, especially for such areas as disaster relief, technical co-operation among developing countries, and new areas such as the environment and poverty alleviation. However, he wondered how the considerable reduction in management development allocations and the sizeable increase in allocations for human resource development and the Project Development Facility could be justified. With regard to the Management Development Programme, it would be difficult to integrate it into IPF allocations, as the Administrator had suggested, given its special character.

74. His delegation also opposed increasing intercountry IPFs, since such an increase would erode the value of country IPFs. The Administrator should prepare a comparative study of the ways country and intercountry IPFs had been used during the past few cycles. He specifically wished to know whether the increase in the level of intercountry IPFs from 15 per cent to 19 per cent was fully justified.

75. Regarding criteria for the allocation of resources to country IPFs, his delegation believed that resource growth should be envisioned in real terms, particularly in so far as allocations to low-income and least developed countries were concerned. It would also be appropriate to increase the share of resources available to other groups of countries, particularly where new development needs justified such an approach. His delegation favoured retention of the floor principle to ensure continuity, flexibility and universality.

76. With regard to supplementary criteria, the proposals set out in document DP/1990/8 were reasonable and justified and more responsive to current trends and needs. His delegation would consider any other relevant proposals which were consistent with the spirit of those options.

77. Mr. KABIR (Observer for Bangladesh) said his delegation appreciated the need to adopt a realistic resource level in programming for the fifth cycle, but also recognized the critical need for a significant increase in contributions to ensure that UNDP responded more adequately to the needs of developing countries. He therefore believed that an increase of 8 per cent to 10 per cent in voluntary contributions would be appropriate.

78. The 1990s were beginning in a period of unprecedented change, and the international community should seek to capitalize on the new opportunities opening up. The ongoing process of development must be further strengthened, for even if the world had become a safer place, it must also be a better place to live in. A substantial increase in the resources available to developing countries was a prerequisite for that.

79. While he acknowledged the importance of the traditional SPR, particularly in the area of disaster relief, he felt that any increase in SPR must be viewed in the context of overall resource growth: in other words, any increase in SPR should not

(Mr. Kabir, Observer, Bangladesh)

be disproportionate. Moreover, the proposed increase in SPR should not reduce country IPFs. However, his delegation was open to further discussion on that subject.

80. In view of the increasing demand placed on country IPFs, they should be given priority. The breakdown by percentage of SPR and intercountry programmes should remain unchanged. He noted further that the effect of regional and global intercountry programmes, particularly on smaller countries, had been relatively limited.

81. Chapter IV of document DP/1990/8 provided various scenarios for the calculation of fifth-cycle country IPFs. His delegation was pleased to note that the B scenarios were in keeping with the views reflected in various consultations, for they would ensure the poverty orientation of UNDP programmes and further increases in the share of UNDP resources going to least developed countries. The need for a greater flow of resources to those countries could not be overemphasized, and his delegation hoped that the final allocation of resources to them would reflect that thinking. He drew attention in that connection to the Declaration issued by the ministers of least developed countries at their recent meeting at Dhaka in which they had reaffirmed the need for priority allocation of scarce grant resources to least developed countries and had called for a substantial increase in the share of resources allocated to them during the fifth cycle.

82. His delegation sought further clarification of the new supplementary criteria that had been proposed, including the human development indicator. He also urged that a balance should continue to be maintained between basic and supplementary criteria.

The meeting rose at 6.15 p.m.