



**STATEMENT BY MRS. RUCHI GHANASHYAM, MINISTER, ON AGENDA  
ITEM 4: MIDTERM REVIEW OF THE PROGRAMMING ARRANGEMENTS  
FOR THE PERIOD 2004-2007 IN THE ANNUAL SESSION 2005 OF THE  
EXECUTIVE BOARD OF UNDP/UNFPA 13-24 JUNE 2005 ON JUNE 14,  
2005**

Madam President,

We thank the Administrator for the report presented for this item. We feel that documents on such technical issues should be prepared in the simplest possible manner so that even those dealing with these issues for the first time can grasp the essentials of the issues concerned. For this it is necessary to avoid the use of acronyms without expansion and to provide important background information, if necessary as footnotes or annexure.

Madam President,

As we embark on a mid-term recalculation of target for resource assignment from the core (TRAC) line 1.1.1 earmarkings, we have to bear in mind the basic purpose of UNDP and UNDP's programming and the purpose behind the system of resource allocation. It has to be remembered that UNDP's assistance for development and poverty eradication to developing countries has to be targeted to the needs of the programme countries, particularly to countries most in need of development assistance. It is also important to recognize that it is not the size of UNDP's assistance, but the criticality of the input that matters. Even where UNDP's contribution forms a miniscule part of the overall development effort, we believe that UNDP can make qualitative and critical contributions to particular sectors or regions. Traditionally, for the last decades Least Developed Countries (LDCs) and Low Income Countries (LICs) have had the first claim on the resources of UNDP. Any new system must try and remain faithfully to this principle. Even when we make adjustment based on changes in per capita GNI, the basic criteria must still remain the principle of gains for the most needy countries – LDCs and LICs.

We have gone through the document and the tables. It is apparent that annual TRAC 1.1.1 earmarkings, by country, for the period 2006-2007 (based on \$450 million) have been worked out on the basis of 2003 GNI per capita on the basis of an agreed distribution methodology. However, the agreed distribution methodology is not clear from the document. Moreover, the figures for some countries have increased/decreased

in the column showing the difference between the "initial and option1", whereas there is no change in the case of some countries whose per capita GNI is shown to have changed substantially between 2001 and 2003. The impact of this calculation on LDCs and LICs is also uneven, with several LDCs and LICs, including those from Africa, affected adversely by option 1. For example, a cursory perusal of the table 2 shows a decrease for a number of countries in Sub-Saharan Africa who have managed to bring about an increase in their per capita GNI. Moreover, the upwards or downwards movements in per capita GNI could be a temporary phenomenon and while middle income countries may be able to bear the implications, for LDCs and LICs the effort should be to help consolidate the gains.

Option 2 would then seem to be the better of the two options as it considers only those countries reflecting upward revisions to their initial annual TRAC 1.1.1 earmarkings. However, while this option precludes any downward revisions, in the absence of a clear understanding of the agreed distribution methodology, we fear that it may be failing to recommend upward revisions where most required.

As for the proposed changes in TRAC 1.1.2, the proposal is not clear to us, nor are its implications. The programmatic criteria indicate the need for flexibility to target resources to countries that have demonstrated good performance and are most in need. This would seem to be a reasonable basis. However, in the first proposal for recalculation of the TRAC line 1.1.1 earmarkings, neither need nor good performance is considered a criterion, with earmarkings showing a decrease for countries where the GNI per capita has gone up, regardless of their LDC or LIC status.

The third proposal seeks to address the needs of the Programme of Assistance to the Palestinian People. We would support the proposal for assuring a sustainable regular resource-funded programming base for PAPP.

We expect UNDP to recast the proposal in line with the principles set out above to arrive at an even and just distribution system.

Thank you, Madam President.

**BACK TO TABLE OF CONTENTS**