



# **COMMITTEE ON REVIEW AND APPRAISAL**

## **REPORT ON THE THIRD SESSION**

**12 May – 6 June 1975**

**ECONOMIC AND SOCIAL COUNCIL**

**OFFICIAL RECORDS : FIFTY-NINTH SESSION**

**SUPPLEMENT No. 5**

**UNITED NATIONS**



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**New York, 1975**

#### **NOTE**

**Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.**

**The term “billion” is used throughout this report to signify a thousand million.**

<p><b>E/5693</b> <b>E/C.9/7</b></p>
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I. ISSUES WHICH REQUIRE ACTION BY, OR WHICH ARE BROUGHT  
TO THE ATTENTION OF, THE ECONOMIC AND SOCIAL COUNCIL

A. Mid-term over-all review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade

1. The Committee on Review and Appraisal decided to transmit the different proposals submitted to it (Conference Room Papers 1-11 and Add.1-3), as well as the summary records of its meetings (E/C.9/SR.18 and 20-26) and relevant documentation, to the Economic and Social Council at its fifty-ninth session (see para.23 below).

2. The proposals thereby transmitted to the Council are annexed hereto (see annexes I-IX).

3. The Committee also took note of the view of the Group of 77 that the Group's preliminary proposal (annex IX) should be the basis of the Council's discussion of the subject (see para.23 below).

B. Arrangements for the third over-all review and appraisal of progress

4. The Committee recommended that the Economic and Social Council at its fifty-ninth session take a decision regarding the third over-all review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade in the light of the Council's action on the mid-term over-all review and appraisal (see paras.26-29 below).

II. MID-TERM OVER-ALL REVIEW AND APPRAISAL OF PROGRESS IN THE  
IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY  
FOR THE SECOND UNITED NATIONS DEVELOPMENT DECADE

A. General discussion

5. The Committee held a wide-ranging general discussion and review on the implementation of the International Development Strategy for the Second United Nations Development Decade. Attention was given to both the successes and failures in the implementation of the Strategy since it was launched on 1 January 1971. References were made to the role of the Strategy in the light of new developments, especially the important decisions made by the international community since the beginning of the Decade, and ideas were put forward for revising the Strategy in order to keep it responsive to changing circumstances.

6. Most members agreed that the adoption of the International Development Strategy in 1970 was a landmark in international policy making. Through that action, the world community had initiated a concerted programme for accelerating the economic and social progress of developing countries in an integrated manner. Most members agreed with the opinion of the Committee for Development Planning at its eleventh session (see E/5671, I/ chap.I) that, despite the disappointing character of implementation, the fundamental objectives and purposes of the Strategy were still valid; there was a need to speed up implementation of the Strategy but not to replace it. Some members, however, expressed a contrary viewpoint; they felt that, in the light of new developments and decisions of the world community, the Strategy, as contained in General Assembly resolution 2626 (XXV) of 24 October 1970, was no longer valid.

7. It was generally recognized that, since the adoption of the Strategy, there had been changes in some fundamental economic relationships and in some social concepts. In the political sphere, there had been a growing relaxation of tensions. New options and opportunities for giving impetus to the cause of development were opening up. Thus, it was the general view that the Strategy needed to be modified and extended in order to take into account the changed circumstances. It was stressed by a significant majority of the members of the Committee that revisions and extensions of the Strategy should be made within the framework of the Declaration and the Programme of Action on the Establishment of a New International Economic Order (General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974) and of the Charter of Economic Rights and Duties of States (General Assembly resolution 3281 (XXIX) of 12 December 1974) which had provided the guidelines for needed changes. Further, the decisions made at the United Nations Conference on the Human Environment, the World Population Conference, the World Food Conference, the Second General Conference of the United Nations Industrial Development Organization and in the General Assembly should be taken into account in formulating a revised Strategy.

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1/ Official Records of the Economic and Social Council, Fifty-ninth Session, Supplement No.4.

8. Deep concern was expressed by most delegations over the failure of many developed countries to implement the policy measures contained in the Strategy, specifically the target set for the transfer of financial resources to developing countries. In so important a field as official development assistance, many members felt that situation was worse at the present time than at the beginning of the Decade. They said that the lack of adequate political will in many developed countries had continued to hamper the transfer of resources needed by developing countries to carry out their development plans. They emphasized that new and more automatic mechanisms for the transfer of resources to developing countries were required.

9. A number of representatives noted that the initial years of the Second United Nations Development Decade had seen the developing countries as a group attain a number of targets of the Strategy in such areas as over-all economic growth, industrial production, ratio of domestic saving to gross product and the rise in the quantum of imports and exports. Additionally, export earnings and international monetary reserves of developing countries had increased, and there had been an improvement in their terms of trade in 1973 and 1974. Among the developing countries, there had been wide diversities in rates of achievement; countries that exported commodities in vigorous demand abroad had made notable advances, while the rate of growth in many other developing countries had remained sluggish.

10. Most representatives pointed out that the growth targets had been achieved largely as a result of developing countries' own efforts rather than through implementation by many developed countries of the policy measures specified in the Strategy. In this connexion, a number of delegations pointed out that the Committee for Development Planning, at its eleventh session (see E/5671, chap.I), had noted that in the fields both of trade and transfers, there was little net improvement in policy, especially by the leading countries, and, indeed, some retrogression. While the generalized system of preferences for the exports of manufactures and semi-manufactures of developing countries had been implemented in varying degrees by developed countries, the main stimulus to economic growth in the developing countries had come through the upsurge in world trade after 1970, with schemes of preferential access to markets of developed countries contributing only marginally to the increase in exports of the developing countries. The slowdown in economic activity in the developed countries had brought a reversal of some previous price trends; the prices of several primary commodities had declined recently and the terms of trade were now turning against many developing countries. Such developments had shown many of the gains made by developing countries in recent years to be ephemeral.

11. Concern was also expressed by many members over the lag in achieving the target set in the Strategy for agricultural production in developing countries. There was general agreement that, with two thirds of the population of developing countries employed in agriculture, and in view of the need for expanding food supplies, that vital sector should receive appropriate attention. Some representatives stressed the need, in particular, for agrarian reform, fertilizer supplies, the provision of assistance to increase the agricultural production of developing countries, the prevention of desertification, and the need for land reclamation.

12. The importance of meeting key targets specified in the Strategy within the time framework of the remainder of the Decade was emphasized by a number of representatives. In particular, in that context, targets for trade and aid were referred to, and the need for a reformed international monetary system in which developing countries would participate effectively in the decision-making process.



13. Some members spoke in favour of establishing differentiated targets for groups of developing countries, taking into account the differences in their economic and social conditions. Many representatives, however, expressed strong opposition to that viewpoint. They stated that it would be unwise to establish new subgroups among developing countries, as the political unity of those countries, was an important asset that should in no way be weakened. However, within a general framework of international economic co-operation, there was clearly a need for special measures to resolve the special problems of certain countries.

14. Many members stated that the Strategy should be truly global, encompassing both developed and developing countries. Recent events in the world economy and the growing perception of global interdependence had demonstrated the need for such an approach. Those members felt that the internal policies of developed countries should also be subject to review.

15. Some members cautioned against focusing exclusively on quantitative targets that, moreover, are directly or indirectly related to economic growth only. They pointed out that the social, in the sense of distributive, aspects of development should be taken fully into account because of the fact that development has two interrelated dimensions: distribution and growth. The need for international and national policies aiming at the fostering of both dimensions in an interrelated way was stressed by a number of representatives. Many other delegations stressed, on the other hand, that social development depended on the attainment of quantitative targets of economic growth, and that the implementation by developed countries of policy measures contained in the Strategy in support of such targets had a significant bearing on the attainment of the social development objectives.

16. It was recognized that there was a close link between the matters to be dealt with in the context of the mid-term over-all review and appraisal of the International Development Strategy and the aspects of development and international economic co-operation to be considered by the General Assembly at its seventh special session in September 1975. It was generally stressed that the two events, in fact, should be mutually reinforcing and every effort should be made to ensure their success, as a reaffirmation of the political will to work urgently for the establishment of a New International Economic Order.

#### B. Proposals

17. At the 27th meeting, on 28 May 1975, the representative of the United States of America submitted the following documents, the text of which appears in annex I to the present report: a document containing proposals concerning the contents of the Committee's report (Conference Room Paper No. 1); a document containing a statement regarding categories of the developing countries (Conference Room Paper No. 2); and a document containing a statement regarding some of the questions proposed for inclusion in the Committee's report (Conference Room Paper No. 3).

18. At the same meeting, the representative of Italy, also on behalf of Belgium, France, the Federal Republic of Germany and the United Kingdom of Great Britain and Northern Ireland, submitted a document containing a proposed new text for paragraph 48 of the International Development Strategy (Conference Room Paper No. 5), which appears in annex II to the report.

19. At the 28th meeting, on 2 June 1975, the representative of the Federal Republic of Germany, also on behalf of the United Kingdom of Great Britain and Northern Ireland, submitted a document containing a proposed revised text for paragraph 65 of the International Development Strategy (Conference Room Paper No. 6), which appears in annex III.

20. At the same meeting, the representative of the United Kingdom of Great Britain and Northern Ireland submitted the following documents:

On behalf also of Belgium, France, the Federal Republic of Germany, Italy and the Netherlands, a document containing a proposal by the European Economic Community and its member States for a new expanded section for inclusion in the International Development Strategy (Conference Room Paper No. 7), which appears in annex IV.

On behalf also of Belgium, France and Italy, a document containing a proposed revision of paragraphs 13, 14, 16 and 17 of the International Development Strategy (Conference Room Paper No. 8), which appears in annex V.

On behalf also of the Federal Republic of Germany, Italy and the Netherlands, a document containing a proposed new section for inclusion in the International Development Strategy (Conference Room Paper No. 9), which appears in annex VI.

A document containing a proposed revision of paragraphs 56 to 59 of the International Development Strategy (Conference Room Paper No. 10), which appears in annex VII.

21. At the same meeting, the representative of the United States of America submitted a document containing a text proposed for inclusion in the Committee's report, supplemented by two addenda submitted at the 29th meeting and a third submitted at the 30th meeting (Conference Room Papers Nos. 11 and Add.1-3), which appear in annex I.

22. At the 29th meeting, on 5 June 1975, the representative of Mexico, speaking on behalf of the Group of 77, made a statement introducing the preliminary proposal of the Group (Conference Room Paper No. 4/Rev.1), the text of which was circulated at the 30th meeting, on 6 June 1975, and appears in annex IX.

23. At the 30th meeting, the Chairman read out the following draft decision:

"The Committee on Review and Appraisal

"1. Decides to transmit the different proposals submitted to it (Conference Room Papers 1-11 and Add.1-3), as well as the summary records of its meetings (E/C.9/SR.18 and 20-26) and relevant documentation, to the Economic and Social Council at its fifty-ninth session;

"2. Decides further to take note of the view of the Group of 77 that the Group's preliminary proposal (annex IX) should be the basis of the Council's discussion of this subject."

24. At the same meeting, the draft decision was adopted without objection.

25. Accordingly, the various documents (Conference Room Papers (Nos. 1-11 and Add.1-3)) are annexed to the present report and transmitted to the Economic and Social Council.

### III. ARRANGEMENTS FOR THE THIRD OVER-ALL REVIEW AND APPRAISAL OF PROGRESS

26. At its 29th meeting, on 5 June 1975, the Committee considered the arrangements for the third over-all review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade.

27. At the same meeting, the Chairman proposed to the Committee the following draft decision:

"The Committee on Review and Appraisal recommends that the Economic and Social Council at its fifty-ninth session take a decision regarding the third over-all review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade in the light of the Council's action on the mid-term over-all review and appraisal".

28. At the same meeting, the draft decision was adopted without objection.

### IV. ADOPTION OF THE REPORT OF THE COMMITTEE

29. At its 29th and 30th meetings, on 5 and 6 June 1975, the Committee adopted the draft report (E/C.9/L.12), as orally amended.

## V. ORGANIZATION OF THE SESSION

### A. Duration of the session

30. The Committee on Review and Appraisal held its third session at United Nations Headquarters from 12 May to 6 June 1975.

### B. Summary records

31. In accordance with Economic and Social Council decision 65 (ORG-75), the Committee, at its 18th meeting (E/C.9/SR.18) decided to have summary records for its general discussion on item 3 of the agenda, entitled "Mid-term over-all review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade". The summary records are contained in documents E/C.9/SR.18 and 20-26.

### C. Membership and attendance

32. The following States members of the Committee were represented:

Algeria	Jordan
Argentina	Kenya
Austria	Liberia
Belgium	Madagascar
Bolivia	Malaysia
Brazil	Mexico
Canada	Netherlands
Chile	Norway
Colombia	Pakistan
Czechoslovakia	Peru
Egypt	Philippines
France	Poland
Germany (Federal Republic of)	Senegal
Ghana	Spain
Guatemala	Sri Lanka
Guinea	Sweden
Honduras	Tunisia
Hungary	Turkey
India	Ukrainian Soviet Socialist Republic
Indonesia	Union of Soviet Socialist Republics
Iran	United Kingdom of Great Britain and Northern Ireland
Italy	United States of America
Ivory Coast	Venezuela
Japan	Yugoslavia

33. The session was also attended by the following:

#### States Members of the United Nations represented by observers

Australia	Finland
Bulgaria	Fiji
Denmark	German Democratic Republic
Dominican Republic	Portugal
Ecuador	

State non-member of the United Nations represented by an observer

Holy See

Secretariat and other United Nations bodies

United Nations

Economic Commission for Africa

United Nations Conference on Trade and Development

United Nations Industrial Development Organization

Specialized agencies

International Labour Organisation

Food and Agriculture Organization of the United Nations

United Nations Educational, Scientific and Cultural Organization

International Civil Aviation Organization

World Health Organization

International Monetary Fund

Intergovernmental organizations

European Economic Community

Non-governmental organizations

Category I

International Confederation of Free Trade Unions

Category II

Bahá'i International Community

Caritas Internationalis (International Conference of Catholic Charities)

International Federation of University Women

International Organization of Consumers Unions

World Union of Catholic Women's Organizations

D. Officers

34. At its 18th meeting, on 12 May 1975, the Committee elected the following officers by acclamation:

Chairman:	Ole Algard (Norway)
Vice-Chairmen:	Antoni Czarkowski (Poland)
	Mohamed Wafik Hosny (Egypt)
	Bernardo de Azevedo Brito (Brazil)
Rapporteur:	Arundhati Ghose (India)

#### E. Agenda

35. At its 18th meeting, the Committee considered its provisional agenda (E/C.9/6). The agenda, as adopted, was as follows:

1. Election of officers
2. Adoption of the agenda
3. Mid-term over-all review and appraisal in the implementation of the International Development Strategy for the Second United Nations Development Decade
4. Arrangements for the third over-all review and appraisal of progress
5. Adoption of the report of the Committee

#### F. Documentation

36. The Committee had before it the following documents:

##### A. Documents of the Committee

E/C.9/6	Provisional agenda for the third session
E/C.9/Add.1	Annotations to the provisional agenda
E/C.9/L.7 and Corr.1 and Add.1 and 2 and Add.2/Corr.1	World Economic Survey, 1974 - Part one: preliminary report of the Secretary-General
E/C.9/L.8	Report of the World Health Organization
E/C.9/L.9	Report of the International Labour Office
E/C.9/L.10	Report of the Food and Agriculture Organization of the United Nations
E/C.9/L.11	Report of the Inter-Governmental Maritime Consultative Organization
E/C.9/L.12	Draft report of the Committee
E/C.9/INF.2	List of documents before the Committee

E/C.9/INF.3  
E/C.9/NGO/4

List of representatives to the third session  
Statement by the International Federation  
of University Women, a non-governmental  
organization in category II consultative  
status with the Economic and Social Council

B. Other documents

E/5617

Report of the Commission for Social  
Development on its twenty-fourth session  
(Official Records of the Economic and  
Social Council, Fifth-eighth Session,  
Supplement No. 3)

E/5618

Sixth report on progress in land reform  
(Summary) prepared by the secretariats of  
the United Nations, the Food and  
Agriculture Organization of the United  
Nations and the International Labour  
Organisation

E/5625 and Corr.1

Recent policy and action concerning tourism,  
with special reference to the  
recommendations contained in UNCTAD  
resolution 37 (III) of 13 May 1972:  
report of the Secretary-General

E/5627

Mobilization of public opinion for  
development: report of the Secretary-  
General in response to Economic and Social  
Council resolutions 1806 (LV) and  
1911 (LVII)

E/5629

Implementation of the Declaration and the  
Programme of Action on the Establishment of  
a New International Economic Order:  
activities of organizations of the United  
Nations system: report of the Secretary-  
General

E/5640

Third Meeting of Experts on the United  
Nations Programme in Public Administration:  
report of the Secretary-General

E/5640/Add.1

Administrative and financial implications of  
the recommendation contained in  
paragraph 125 of document E/5640: note by  
the Secretary-General

E/5641

Agrarian reform: second progress report of  
the Secretary-General on the implementation  
of Economic and Social Council resolution  
1707 (LIII)

E/5647	Special economic problems and development needs of geographically more disadvantaged developing island countries: note by the Secretary-General
E/5671	Report of the Committee for Development Planning on its eleventh session ( <u>Official Records of the Economic and Social Council, Fifty-ninth Session, Supplement No. 4</u> )
E/5674	Report of the Economic Committee
E/5681	World Economic Survey, 1974 - Part two: summary
E/AC.6/SR.728, 730-732	Summary records of the Economic Committee (fifty-eighth session)
E/CN.5/519	Report on a unified approach to development analysis and planning: note by the Secretary-General
E/CN.5/SR.601-604, 606, 616 and 617	Summary records of the Commission for Social Development at its twenty-fourth session on the question of the world social situation and the mid-term review and appraisal of the International Development Strategy
E/CN.11/L.412	Economic and Social Survey of Asia and the Pacific, 1974: summary and conclusions
E/CN.14/632/Summary	Survey of economic and social conditions in Africa, 1974: summary
ID/CONF.3/2	<u>Industrial Development Survey: special issue for the Second General Conference of UNIDO (United Nations publication, Sales No. E.74.II.B.14)</u>
TD/B/530	New directions in international trade and development policies: report by the Secretary-General of UNCTAD
TD/B/530/Add.1	Trends and policies in the first four years of the Second United Nations Development Decade: report by the UNCTAD secretariat
TD/B/530/Add.1/Annex	Statistical annex
TD/B/530/Add.2	Implementation within UNCTAD of the relevant provisions of the Declaration and the Programme of Action on the Establishment of a New International Economic Order: report by the UNCTAD secretariat



TD/B/530/Add.3

Reorientation and adaptation of the UNCTAD work programme in the light of Programme of Action: note by the Secretary-General of UNCTAD

TD/B/547

Report of the Trade and Development Board on its sixth special session held at the Palais des Nations, Geneva, from 10 to 21 March 1975

C. Background documents

General Assembly  
resolution 2626 (XXV)

International Development Strategy for the Second United Nations Development Decade

General Assembly  
resolution 3178 (XXVIII)

Preparations for the mid-term review and appraisal of the International Development Strategy for the Second United Nations Development Decade

General Assembly  
resolution 3201 (S-VI)

Declaration on the Establishment of a New International Economic Order

General Assembly  
resolution 3202 (S-VI)

Programme of Action on the Establishment of a New International Economic Order

General Assembly  
resolution 3281 (XXIX)

Charter of Economic Rights and Duties of States

Economic and Social Council  
resolution 1867 (LVI)

Question of the realization of the economic, social and cultural rights contained in the Universal Declaration of Human Rights and in the International Covenant on Economic, Social and Cultural Rights, and study of special problems relating to human rights in developing countries

Economic and Social Council  
resolution 1911 (XVII)

Implementation of the Declaration and the Programme of Action on the Establishment of a New International Economic Order; mid-term review and appraisal of the International Development Strategy; special session of the General Assembly devoted to development and international economic co-operation

E/AC.62/4

Declaration and Plan of Action on Industrial Development Co-operation

E/AC.62/5

Note by the Secretariat transmitting the Declaration adopted by the Conference of the Sovereigns and Heads of State of the Member Countries of the Organization of Petroleum Exporting Countries

E/AC.62/6

Note by the Secretariat transmitting the  
Declaration of Dakar and the resolutions  
adopted by the Conference of Developing  
Countries on Raw Materials

E/5585 and Corr.1

Report of the World Population Conference

E/5587

Report of the World Food Conference

ID/B/155/Add.1

Lima Declaration and Plan of Action on  
Industrial Development and Co-operation

## ANNEXES

### ANNEX I

#### Documents submitted by the United States of America

##### A. Proposals concerning the contents of the Committee's report a/

##### 1. The contents of the Committee's report should be as follows:

###### I. Review of developments 1970-1975:

- A. International economic situation and interrelationships of developed and developing countries;
- B. Shortfalls in reaching International Development Strategy objectives;
- C. Record of progress in achieving International Development Strategy targets: quantitative and policy objectives in economic and social areas for developing and developed countries;
- D. Identification of subgroups of the less developed countries;
- E. Review of adequacy of the Strategy taking into account the Declaration, the Programme of Action and the Charter of Economic Rights and Duties of States to include agreed United Nations objectives and aims to make it a more universal document.

###### II. Current appraisal and recommendations for 1975-1980:

- A. Problems threatening attainment of targets of the International Development Strategy;
- B. Requirements for development;
- C. General conclusions and recommendations for all Governments.

##### 2. (This part of the document related to the organization of work of the Committee on Review and Appraisal).

##### B. Statement regarding categories of the developing countries b/

#### Identification of subgroups of the less developed countries (CRP.1, sect. I-D)

The debate on the "Mid-term over-all review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade" to date has included frequent comment on the disparity of developing country growth rates and the question of defining subgroups within the less developed countries' over-all group. The four categories used in the report prepared by the Secretary-General of UNCTAD for the sixth special session of the Trade and Development Board (TD/B/530, table 2) are reproduced in the appendix for the Committee's attention; it is an example of one possible grouping the Committee may consider.

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a/ Conference Room Paper No. 1.

b/ Conference Room Paper No. 2.

Economic growth experience of developing countries, 1960-1973

	Population in 1973	GNP per capita 1973 <u>b/</u>	GNP <sup>c/</sup>		GNP per capita <sup>c/</sup>	
			1960-70	1970-73	1960-70	1970-73
	(Million)	(\$)	(Per cent change per annum)			
Major petroleum exporters <sup>a/</sup>	276	310	5.9	7.8	3.1	4.9
Other developing countries:	1 565	235	5.1	5.3	2.5	2.7
Fast-growing exporters of manufactures <u>a/</u>	103	715	7.9	7.3	5.0	4.4
Others:						
GNP per capita over \$250 <sup>d/</sup>	307	530	4.9	6.5	2.2	3.8
GNP per capita below \$250 <sup>d/</sup>	1 155	115	4.2	3.0	1.7	0.5
<u>of which:</u>						
3 large countries <sup>e/</sup>	748	100	3.9	2.0	1.6	-0.3
Least developed <u>a/</u>	157	95	3.4	2.9	0.8	0.3
Total <sup>f/</sup>	1 841	245	5.2	5.7	2.6	3.1

Sources: UNCTAD secretariat estimates, based on national and international sources.

a/ For details of countries included, see TD/B/530/Add.1 (part I).

b/ At 1972 prices.

c/ In real terms.

d/ Estimated value in 1973 (based on 1972 prices and exchange rates).

e/ Bangladesh, India and Pakistan.

f/ Excluding developing countries in southern and eastern Europe, and the socialist countries of Asia.

C. Statement regarding some of the questions proposed for inclusion in the Committee's report c/

Identification of subgroups of the less developed countries (CRP.1, sect. I-D)

1. The Committee for Development Planning at its eleventh session (E/5671, chap. II) noted that criteria to identify least developed countries are rooted in the basic economic and social characteristics of these countries. These countries typically: have very low incomes; have as a primary activity agriculture or mining that accounts for the bulk of total production; have a large proportion of population lacking in basic training or skills; have small economies with little growth.

2. The current recommendation to remove three countries from the list of 25 and add three others was based on a combination of three characteristics:

- A. Per capita gross domestic product of under \$100;
- B. Share of manufacturing in gross domestic product of 10 per cent or less;
- C. Literacy ratio of 20 per cent or less.

3. In border-line cases, countries slightly beyond per capita product, and manufacturing, or literacy ratios qualified for inclusion where the average growth rates have been exceptionally low over a period of years. Twenty countries met all criteria. Of the remaining five, per capita gross domestic product was \$135 in one case and \$138 in another. The literacy ratio was 59 per cent in one case and 22 per cent in another. In the fifth case, the manufacturing ratio was 25 per cent.

4. The Committee for Development Planning at its eleventh session (ibid.) reiterated the view that the need for using the list of least developed countries in a flexible and pragmatic manner remains as strong as ever. For the purpose of devising appropriate special measures, the Committee for Development Planning drew attention to the category of land-locked developing countries and the category of most seriously affected countries receiving benefits under the Special Programme. In the latter case, we understand the list of 33 has been increased recently by 8 (IMF Survey, 28 April 1975). /Source: E/AC.54/L.72, chaps. II and V.]

International economic situation (CRP.1, sect. I-A.; ID/B/L.390)

5. The mid-term review of the International Development Strategy for the Second United Nations Development Decade is being undertaken in an international economic atmosphere of great uncertainties for both the developing and developed countries. Persistent inflation, monetary instability, falling growth rates, rising unemployment, excessive price fluctuations, and lack of assurance about markets and materials supplies have affected many countries. This situation has affected the implementation of the Strategy in the first half of the Decade and prospects for the immediate future, particularly for developing country trade, which bears a close relationship to demand in the developed country markets.

6. The succession of unfavourable climate conditions resulting in severe food shortages and famine have aggravated already existing structural imbalances in agricultural production, thus causing the growth in food supplies to fall considerably behind population growth and diverting resources which might otherwise be available for development.

7. Rapid increases in prices of oil as well as of some other commodities and of manufactured goods have affected the relative position of various groups of countries. The non-oil-exporting countries find themselves in general confronted with an abrupt and very considerable increase in petroleum prices which has added to existing upward pressures on the prices of imported manufactured goods and, together with other price increases, has created or intensified balance-of-payments difficulties for many developing and developed countries. For the first time, one group of developing countries has at its disposal very large amounts of liquid assets. This major increment to world savings can contribute to an important improvement in development prospects. A major and welcome contribution to aid flows is already being made by oil-exporting developing countries, although these aid flows only partly alleviate the balance-of-payments difficulties of some developing countries.

8. The economic difficulties experienced during the first part of the Decade had a particularly negative impact on the poorest countries of the international community and - within nations - on the poorest strata of their populations.

9. Since early 1974, the downward trend in prices of many commodities, together with the upward trend in those of manufactured goods, had increased the balance-of-payments difficulties of many countries and affected terms of trade, in particular, for a great number of developing countries.

10. These rapidly changing situations have both favourable and unfavourable implications for achievement of International Development Strategy objectives. New urgencies and emphasis have been recognized in the Second General Conference of the United Nations Industrial Development Organization, the World Food Conference and the World Population Conference as well as in consideration of the requirements for a New International Economic Order. The economic interdependence of all nations has been sharply highlighted as has the need to take account of the extensive interactions and linkages between the various goals of the Strategy and of the measures taken in their pursuit. These considerations underline the importance of pulling together the whole complex of measures and objectives as the Strategy is intended to do, ordering the priorities, establishing their consistency and ensuring the adequacy and complementarity of the policies and programmes for achieving them. [Sources: E/5671, paras. 9-12, 19, 23 and 26-30; E/5681, pp.1-7.]

Progress and shortfalls in reaching International Development Strategy objectives  
(CRP.1, sect.I-B and C (part))

11. Total production of the developing countries has increased at virtually the target rate during the first four years of the Decade - somewhat more rapidly than that of the developed market countries and more rapidly than during the First United Nations Development Decade.

Table 1

Annual increase in gross domestic product  
at constant prices

	1961-1970	1971-1974	1971	1972	1973	1974
Developing countries	5.5	5.9	5.2	5.6	7.0	5.6
Developed market countries	4.8	3.8	3.7	5.6	6.1	-0.1

Source: E/5681, table 1.

12. This growth has varied widely among the developing countries, however. The poorer countries mainly in Asia and Africa have fared least well, while the oil exporters and other wealthier developing countries have generally done better. In terms of per capita output, thirteen countries, including 60 per cent of the population of countries with per capita gross domestic product of less than \$200, actually lost ground in 1971-1973. [Source: E/C.9/L.7 and Corr.1, table I-3.]

13. On a regional basis, the growth of the African and Asian developing countries slowed in 1971-1973 from the rate achieved in 1961-1970, while that of the other regions accelerated.

Table 2

Average annual growth of gross domestic product in constant prices

	1961-1970	1971-1973
Developing countries	5.5	6.0
Western Hemisphere	5.5	6.8
Africa	5.0	4.5
West Asia	8.0	11.9
Rest of Asia	5.0	4.2
Others	5.3	5.5

Source: E/C.9/L.7 and Corr.1, table I-1

14. In general, the 8 per cent growth target for industrial production was substantially met, while agricultural production in the developing countries reached less than half the target rate of 4 per cent and failed to keep abreast of population in all regions except the Near East.

Table 3

Food and agriculture production

(Average annual increase)

	Agricultural output		Food production per capita	
	1961-1974	1970-1974	1961-1974	1970-1974
Developing market economies	2.6	1.7	0.1	-0.9
Africa	2.3	0.8	-0.2	-1.9
Far East	2.6	1.6	-	-1.2
Latin America	2.7	2.4	-	-0.5
Near East	3.2	3.1	0.4	0.2
Asian centrally planned economies	2.6	1.6	0.7	-0.2
Total developing countries	2.6	1.8	0.3	-0.7

Source: E/C.9/L.10, tables 2 and 3

15. Developing country industrial production rose by an average of 8.3 per cent from 1970 to 1973 [Source: E/C.9/L.7 and Corr.1, table I-10]. Apparently in 1974 it slowed to just under 8 per cent, bringing the average for the four years to almost exactly 8 per cent [Source: E/5681, table 1].

16. Manufacturing output in developing countries increased at a rate of about 6.4 per cent in the First United Nations Development Decade, 1960-1970, but much more rapidly in the Second with rates of 8.2 per cent in 1971, 8.8 per cent in 1972, and 11.2 per cent in 1973. Over half of this production took place in Latin America and over one third in Asia leaving the African share of the total for the least developed countries below 10 per cent. [Source: 1D/Conf.3/2, pp.10 and 11].

17. Petroleum exporters, of course, have enormously increased their export earnings by any standards by reason of the six-fold increase in the unit value of their exports from 1970 to 1974 - far in excess of the rise in their import prices.

18. Other developing market countries increased the volume of their exports at nearly the 7 per cent target rate. Their terms of trade deteriorated slightly, however, so the volume of imports that their export earnings would finance rose only 5.3 per cent per year on the average and declined in 1974. Despite rising export prices, the developed countries also suffered a decline in their terms of trade. Only the oil exporters enjoyed an increase exceeding 30 per cent per year. [Source: E/5681, table 2].



19. Despite the erosion of their terms of trade, the developing countries were able to increase the volume of their imports by 7.9 per cent per year over the four years and even those not exporting petroleum were able to raise them by 6.5 per cent, which seems compatible with the target of "somewhat less than 7 per cent". Nor was this done at the cost of declining international reserves; in fact, the non-petroleum exporters increased their reserves by 170 per cent. It was made possible by capital receipts considerably in excess of the level contemplated by the Strategy. While transfers directly from the developed market countries, especially official development assistance, fell somewhat short of target in terms of gross national product, this shortfall was more than made up by new forms and sources of capital - particularly from the oil exporters, the Eurocurrency market, and regular and special International Monetary Fund facilities [Source: E/5681, especially p.5, and tables 2 and 4].

20. Despite the disruptions of the period, the developing countries collectively were apparently able to raise their savings rate by 0.8 per cent per year in the first three years of the Decade and reached the end-of-Decade target of 20 per cent of gross domestic product in 1973. There is reason to believe that developing country investment increased even faster, as domestic savings were supplemented by foreign resources; the volume of capital equipment exports from developed market countries to developing countries rose by over 11 per cent from 1970 to 1973. Again, however, the results have been more favourable for the oil exporters than for other developing countries. Even in the first years of the Decade, the oil exporters were able to achieve savings growth in excess of 30 per cent per year and this has unquestionably increased in 1973 and 1974. For the other developing countries, the rate remains well below 20 per cent despite commendable progress. [Source: E/C.9/L.7 and Corr.1, tables I-28 and I-29]. Clearly the results to date dictate special concern for the problems of many of the poorer developing countries. Their situation is less favourable in virtually every respect than that of the oil exporters and other developing countries, their growth has been slower over-all, and especially in agriculture; the expansion of their exports has been slower and their terms of trade less favourable. Their savings and investment rates remain relatively low and the shortfall in official development assistance is especially important for them as they are less able to attract and afford the new, generally more expensive forms of capital flow which have benefited many of the more advanced developing countries. [Sources: E/5671, E/5681, E/C.9/L.7 and Corr.1, E/C.9/L.10.]

#### United States generalized system of preferences (GSP)

21. Despite the difficult and uncertain economic situation, the United States has been able to take positive steps to open its markets further for the benefit of developing countries. Authority for the United States generalized system of tariff preferences is contained in Section V of the Trade Act of 1974. The United States system, to be implemented in the near future, will provide duty-free entry into the United States of America of a broad range of manufactures and semi-manufactures, as well as selected lists of primary industrial, agricultural and fisheries products originating in beneficiary developing countries. A single list of beneficiaries will apply to all items. A single value-added criterion will apply in most cases. Eligible members of free trade areas or customs unions may opt to be considered as one country for GSP purposes. There are no global ceilings, and individual country ceilings are high and uniform.

D. Text proposed for inclusion in the Committee's report d/

Terms of aid (CRP.1, sect. I-C)

The over-all grant element in resource flows to the developing countries has probably declined, but the extent and impact of tying has considerably diminished.

Aid terms of the developed market economies are covered by the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) terms Recommendation of 1973 which calls for attainment of an over-all grant element of 84 per cent for official development assistance (ODA). DAC member commitments achieved that level in 1970 and had been improved slightly to 87 per cent grant element in 1973.

No accurate comprehensive compilation is available for the Organization of Petroleum Exporting Countries (OPEC) and centrally planned economy aid, but typical terms are substantially less concessional than those of the developed market countries. The grant element of Eastern European aid probably averages about 38 per cent and that of OPEC aid about 57 per cent.

Since developed market country aid declined from 83 per cent of the total in 1970 to about 75 per cent in 1974, the average terms hardened somewhat.

More importantly, the large relative increase in private flows, particularly Eurodollar borrowing, unquestionably involved a considerable over-all rise in the cost of total capital flows.

Reflecting the declining share of loans from Governments and international institutions in total loans, the over-all grant element of developing-country borrowing dropped from 40 per cent in 1965 to 35 per cent in 1970 and 31 per cent in 1972. The grant element in total flows fell even more sharply from 58 per cent in 1965 to 46 per cent in 1970 as a result of the drop in the grant component of

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d/ Conference Room Papers Nos. 11 and Add.1-3.

total flows; as grants resumed their increase, the over-all drop in grant element slowed and reached 43 per cent in 1972. For the low-income developing countries the results were more favourable. Average loan terms, which had improved from 55 per cent grant element in 1965 to 62 per cent in 1970, continued to improve and reached 64 per cent in 1972. The over-all grant element for these countries dropped from 73 per cent to 70 per cent between 1965 and 1970 but rose to 77 per cent in 1972 (see table I below).

The impact of aid tying, on the other hand, has clearly become markedly less than in earlier years because of the relative change between government and private and new sources of total resource flows. OPEC aid is generally untied as is Eurodollar borrowing and most other private investment. Within ODA, contributions to multilateral institutions are mostly - and increasingly - untied. All of these have been increasing in relative importance.

Bilateral ODA and some other official flows (export credits) are the main components normally tied. These accounted for less than one-third of total flows in 1974 compared to over one-half in 1970.

Other changes tending to reduce the adverse impact are the currency realignments of 1973 and the greater dispersion of aid sources available to most developing countries. Relatively few are now exclusively dependent on a single donor, and United States suppliers in particular are now more competitive in many lines with those of other industrial exporters.

Even bilateral ODA from the developed market countries is less tightly tied than in earlier years. In 1973 DAC countries agreed to untie contributions to multilateral institutions. And in 1974, many of them agreed to untie bilateral loans for procurement in developing countries. A number of countries have liberalized procurement of all or part of their bilateral aid well beyond that requirement.

Taken together these factors amply justify the conclusion (E/C.9/L.7/Add.1, p. 29) that "... unwise purchases ought in most cases to be avoidable." A larger proportion of total funding available is untied, a greater diversity of tied resources is available, and price differentials between tied aid sources have decreased. /Sources: E/C.9/L.7/Add.1 and 2; DAC, "Development Co-operation, 1974 Review"; World Bank, "World Debt Tables" (EC-167/74)/.

Table I

Grant element of loans and total flows  
to developing countries

<u>Country groups and flow types</u>	<u>1965</u>	<u>1970</u>	<u>1972</u>
<u>Oil exporters</u>			
A. Loan disbursements (\$ million)	551.5	1 980.0	3 080.8
B. Grant element of loans (%)	34	29	30
C. Grants (\$ million)	262.9	340.5	345.3
D. Over-all grant element (%)	43	36	35
<u>GNP ave. \$375/cap.</u>			
A. Loan disbursements (\$ million)	2 634.2	5 070.8	7 292.6
B. Grant element of loans (%)	31	22	20
C. Grants (\$ million)	624.7	555.7	592.1
D. Over-all grant element (%)	41	29	25
<u>GNP \$200 to \$375/cap.</u>			
A. Loan disbursements (\$ million)	964.3	1 690.7	2 284.7
B. Grant element of loans (%)	44	35	40
C. Grants (\$ million)	1 025.6	1 105.7	1 303.8
D. Over-all grant element (%)	71	57	57
<u>GNP under \$200/cap.</u>			
A. Loan disbursements (\$ million)	1 648.6	1 779.8	2 054.5
B. Grant element of loans (%)	55	62	64
C. Grants (\$ million)	1 292.9	833.1	1 381.0
D. Over-all grant element (%)	73	70	77
<u>Total (86 developing countries)</u>			
A. Loan disbursements (\$ million)	5 798.7	10 521.3	14 712.6
B. Grant element of loans (%)	40	35	31
C. Grants (\$ million)	3 206.1	2 834.9	3 622.1
D. Over-all grant element (%)	58	46	43

Source: World Bank, "World Debt Tables" (EC-167/74), annex, tables 8B and 9B.

- A. Loan disbursements - table 8B.
- B. Grant element of loans - table 9B.
- C. Grants - table 8B.
- D. Over-all grant element - table 9B.

## Transfer of resources to the developing countries

Transfer of resources to the developing countries in the Decade to date has both positive and negative aspects.

For some developing countries - the petroleum exporters primarily - rapidly rising export proceeds have increased both foreign exchange resources and national savings to such an extent that their need for foreign resource transfers is reduced or eliminated. Some, indeed, have become substantial exporters of capital.

The developing countries without large oil resources have in aggregate been able to secure sufficient foreign resources to increase their real volume of imports by 6.5 per cent from 1970-1974 despite export earnings which would finance only a 5.3 per cent growth and despite a 170 per cent increase in international reserves. [Source: E/5681, p. 5 and tables 2 and 4.]

The composition of these flows, however, has been quite different than that contemplated by the Strategy and implies some dangers and uncertainties for the future. Generally speaking, total flows of traditional character from the developed market and centrally planned countries, while rising substantially in nominal terms, have not risen markedly in terms of gross national product (GNP) or command over imports because of rapidly rising prices. The more rapid growth of total resource flows was largely accounted for by OPEC aid, direct private investment and Eurocurrency loans, and (in 1974) resort to International Monetary Fund (IMF) facilities.

All of these newer sources are usually, at least nominally, more expensive than ODA, generally they are likely to be more volatile, and specifically it is not clear to what extent some of the temporary measures being taken in 1974 and 1975 will be continued or replaced by new incremental flows (see table II below).

The distribution of grant aid shifted in favour of the poorer countries between 1970 and 1972, reversing an earlier unfavourable shift. Total grants, which had declined from 1965 to 1970 increased by 28 per cent between then and 1972, while total net loans continued their increase, rising by 42 per cent. Between 1970 and 1972 grants to the poorer countries rose by almost two-thirds while those to oil exporters hardly rose at all and those to the other countries with higher income levels (over \$375 GNP per capita) rose by less than 7 per cent. In 1972 grants accounted for more than half of the flows to the poor and middle-income countries but only 12 per cent to the richer developing countries and 15 per cent to the oil exporters (see table III below).

Total official development assistance from the developed market countries flows largely to the poorer developing countries. In terms of aid per capita in the recipient countries its concentration does not appear high, but in relation to total imports and GNP, it is much more significant for the poorer countries (see table IV below).

Despite the inhibiting impact of inflation and recession, both of which undermine support for development assistance, total net flows from the developed market countries rose by two thirds from 1970 to 1974. This does not include the Eurocurrency flow, which very largely comes at least proximately from these countries. This represents a significant increase in real terms approximately proportioned to the rise in real GNP. Within the total, ODA rose about 65 per cent and other flows - mainly private - by about 70 per cent. As a per cent of donor GNP, the 1974 ODA supplied by the developed market countries seems to have been

approximately 0.33 per cent - virtually the same as in 1970 (0.32 per cent). Total flows from these countries, not including Eurocurrency loans, also remained approximately steady at 0.7 per cent of their aggregate GNP.

About 24 per cent of ODA from DAC countries was channelled through multilateral institutions in 1974 compared to about 16 per cent in 1970; this gradual increase appears to have continued in 1974.

The OPEC countries have rapidly become important sources of funds, both concessional "ODA-like" and commercial. Commitments may have exceeded \$15 billion in 1974, although their firmness and schedule of disbursement varies considerably. Flows of official assistance already reached over \$2.5 billion in 1974 and will certainly rise.

Aid commitments of the centrally planned economy countries appear to have risen about 56 per cent from 1971 to 1973, but may have dropped in 1974 (E/C.9/L.7/Add.2, table III-9). Complete net flow data are not officially available. Estimates suggest, however, that the new flow has risen only slightly from 1970 to 1973, probably because of lags and shortfalls between commitments and disbursements and rising reflows. /Sources: DAC, "Development Co-operation, 1974 Review"; DAC, "Chairman's Estimates"; E/C.9/L.7 and Corr.1 and Add.1 and 2 and Add.2/Corr.1.7

Table II

Net flows  
(\$ million)

	1970	1973	1974 (est.)
<u>Official development assistance</u>			
DAC countries	6.85	9.41	11.30
OPEC countries	.38	.53	2.54
Centrally planned economies	<u>1.00</u>	<u>1.10</u>	<u>1.10</u>
Total b/	8.25	11.08	14.97
<u>Other flows</u>			
DAC countries	8.89	15.02	15.05
OPEC countries	.27	.82	2.21
Centrally planned economies	.15	.30	.30
Eurocurrency credits	<u>      </u>	<u>7.93</u>	<u>(9.00)</u> a/
Total b/	9.35	24.05	26.58
<u>Total flows</u>			
DAC countries	15.74	24.43	26.45
OPEC countries	.65	1.35	4.75
Centrally planned economies	1.15	1.40	1.40
Eurocurrency credits	<u>      </u>	<u>7.93</u>	<u>(9.00)</u> a/
Total b/	17.60	35.13	(41.55)

Sources: DAC, "Chairman's Estimates", E/C.9/L.7/Add.1, table II-20.

a/ Notional: E/C.9/L.7/Add.1, p. 24 says: "... nearly \$8 billion in 1973 and even more in 1974".

b/ Includes small amounts from other sources.

Table III

Flow of net loans and grants to developing countries  
(\$ millions)

<u>Country groups and flow types</u>	<u>1965</u>	<u>1970</u>	<u>1972</u>
<u>Oil exporters</u>			
Loans (Net)	333.2	1 476.8	1 933.5
Grants	<u>262.9</u>	<u>340.5</u>	<u>345.3</u>
Total	<u>596.1</u>	<u>1 817.3</u>	<u>2 278.8</u>
<u>Over \$375 GNP per capita</u>			
Loans	1 154.5	2 698.8	4 381.5
Grants	<u>624.7</u>	<u>555.7</u>	<u>592.1</u>
Total	<u>1 779.2</u>	<u>3 254.5</u>	<u>4 973.6</u>
<u>\$200 to \$375 GNP per capita</u>			
Loans	529.7	868.6	1 266.3
Grants	<u>1 025.6</u>	<u>1 105.7</u>	<u>1 303.8</u>
Total	<u>1 555.3</u>	<u>1 974.3</u>	<u>2 570.1</u>
<u>Under \$200 GNP per capita</u>			
Loans	1 350.9	1 182.6	1 272.1
Grants	<u>1 292.9</u>	<u>833.1</u>	<u>1 381.0</u>
Total	<u>2 643.8</u>	<u>2 015.7</u>	<u>2 653.1</u>
<u>Total - 86 developing countries</u>			
Loans (Net)	3 368.4	6 226.7	8 853.4
Grants	<u>3 206.1</u>	<u>2 834.9</u>	<u>3 622.1</u>
Total	<u>6 574.5</u>	<u>9 061.6</u>	<u>12 475.5</u>

Source: World Bank, "World Debt Tables" (EC-167/74), annex, table 8B.

Note: Data in this table are less complete than those included in table I, e.g., they do not include non-loan private investment.



Table IV

DAC official development assistance  
Disbursements 1969-1972

	P e r C a p i t a G N P					
	Least Dev.	Under \$200	\$200- \$375	\$375- \$700	\$700- \$1 000	Over \$1 000
1969-1972 Ave.						
\$ million	446	2 181	2 221	472	509	280
\$ per capita	3.2	2.2	6.3	2.3	5.2	3.2
% of imports	20.1	25.2	12.3	2.9	3.7	1.2
% of GNP	3.4	2.0	2.2	0.5	0.7	0.3

Source: DAC, "Development Co-operation, 1974 Review", table XI-1, p. 164.

## Developing country debt and debt service

Rapidly rising export prices and volume have clearly been important in reducing the impact of the old debt service problems on the earnings of the least developed countries in the first years of the Decade. The rising volume of relatively expensive new borrowing will require continued rapid increase in export earnings if more severe difficulties are to be avoided. The poorer developing countries have generally and recently borrowed on more concessional terms so their debt service burden has been rising relatively slowly. Some of these countries have achieved relatively slow export growth and as a consequence continue to face difficult problems.

Total external public debt of the developing countries has risen by about \$14 billion per year in recent years or about 15 per cent. This trend on balance probably accelerated in 1973 and 1974. At the end of 1972 the total outstanding was almost \$100 billion of which \$72 billion had been disbursed. The total increased to \$117 billion (unadjusted) by the end of 1973.

About two thirds of the debt is owed by 17 major countries, including 15 oil exporters and other relatively high-income developing countries (over \$375 per capita GNP), plus India and Pakistan. These countries have been adding to their indebtedness somewhat more rapidly in recent years than the poorer countries.

About two thirds of recent borrowing has been from international organizations and Governments, one tenth from suppliers and a quarter from banks and other private lenders. The low-income countries naturally rely much more heavily on more concessional lending from international organizations and Governments; over 90 per cent of their borrowing has been from these sources in recent years (see table V below).

Debt service has been rising rapidly. The total for 86 developing countries was \$6.1 billion in 1970 and reached \$8.3 billion in 1972 and \$11.4 billion (preliminary) in 1973. Reflecting their greater access to concessional loan sources and less reliance on private credit, the low-income countries' share in debt service is lower than their share in total borrowing. It reached \$1.2 billion in 1972 and has been rising more slowly than that of the higher-income developing countries (World Bank, table D).

Despite these increases in debt outstanding and debt service obligations, the burden in relation to export earnings has actually declined through 1973. The over-all ratio of outstanding debt to export earnings dropped from 119 per cent in 1970 to 98 per cent in 1973 (E/C.9/L.7 and Corr.1 table I-24). Debt service on the average rose from 10.6 per cent of exports of goods and services in 1970 to 11.2 per cent in 1972, but apparently fell back below 11 per cent in 1973 (ibid., p. 26).

Only eight (of 77) countries had debt service ratios averaging over 20 per cent in 1971-1973. During 1971-1974 international debt rescheduling agreements have been negotiated for 10 countries when debt service difficulties became severe (World Bank, table F). [Sources: World Bank, "World Debt Tables" (EC-167/74); E/C.9/L.7 and Corr.1.]

Table V

Developing country debt and debt service by type  
(\$ billion)

	Official credit			Private		
		Government			Banks and other	Total
	International	DAC	Planned economies and other	Suppliers		
<u>Debt outstanding increase</u>						
1967-1972 (table B)	11.1	- 21.3 - (18) <u>a/</u>	(3) <u>a/</u>	5.0	11.7	49.0
1973 unadjusted (table G) (Adjusted)	4.3	- 6.3 -		- 6.8 -		17.4 (14.4)
<u>Total</u>						
End 1973, including undisbursed (table E)	23.9	- 55.3 - (44) <u>a/</u>	(11.0) <u>a/</u>	- 37.7 -		117.0
Est. 1/1/1973 disbursed only (table 3a)	10.9	29.7	6.8	8.8	15.6	71.9
<u>Debt service</u>						
1973 (table 3a) estimated (Preliminary actual 1973 (table 1b))	1.1	3.0	1.0	2.5	3.4	11.0 (11.4)

Source: World Bank, "World Debt Tables" (EC-167/74).

a/ Distributed on basis of table C, distribution for 17 major debtors in 1972.

## Social development (CRP.1, sect. I-C)

Inadequate attention has been paid to the achievement of social objectives of the Strategy which perhaps are now increasingly expressed by the term "the quality of life". It would appear that in the poorest countries, as well as in the poorest segments of developing countries, the quality of life has shown little improvement in most aspects. It is these poverty areas that appear to be least affected by traditional development assistance which tends to bestow its major benefits of economic development on those in the middle- and higher-income groups. We note that social development is limited without concurrent economic development - but the latter may be pointless if not accompanied by an improvement of the quality of life. Accordingly, the unified approach for concurrent economic and social progress is, and rightfully should be, a major objective in any international development strategy.

Special attention should be paid by Governments and United Nations agencies on the unified approach to development to give equal attention to both economic and social development. It is noted that the International Labour Organisation, the United Nations Children's Fund and the United Nations Educational, Scientific and Cultural Organization as well as the World Bank are emphasizing the need for progress in social areas. Rural development is a priority area where early social and economic progress may be most effectively realized on a broad scale. Two thirds of the population of most developing countries are in rural areas. Comprehensive programmes in these poverty districts, illustrative of the unified approach, can concurrently accomplish, for example, increases in food production and nutrition, employment, skills training and improved health through improved sanitation.

It is difficult to determine gains in social progress without further work on the development of social indicators as tools to measure social change. Work is being done in this field, but further research is essential before such concepts as the poverty datum line and other measurements of progress towards defined social goals can become a practical basis for data collection in developing countries.

There is no single measure of the "quality of life" comparable to the single indicator of per capita gross domestic product in the economic field, with the possible exception of the indicator of "life expectancy". The World Health Organization (WHO) finds: "Expectation of life at birth is generally considered the best single indicator of the health status of a population. Life expectancy can also be used as a measure of development since a strong association exists between this indicator and the gross national product per capita" (see E/C.9/L.8, para. 3.6).

Life expectancy at birth in less developed regions has been improving over the past generation. United Nations estimates indicate a gain of nine years in life expectancy between 1950 and 1970 for less developed regions and a gain of five years in the same period for the more developed regions. The expectation of life was 51 years in less developed regions compared to 70 years in more developed regions in 1965-1970. The gap between less and more developed regions in life expectancy, which was 23 years in the 1950-1955 period, has narrowed to 19 years in 1965-1970 and is anticipated to narrow even further to 17.3 in 1970-1975.

Life expectancy at birth  
(average number of years)

	1950-1955	1965-1970	1970-1975
Less developed regions	42	51	53.9
More developed regions	65	70	71.2
Gap between less developed and more developed regions	23	19	17.3

source: E/C.9/L.8, para. 3.8.

Health

The health situation in developing countries is poor by any standard - health personnel, disease, sanitation, nutrition, environment. What facilities there are tend to be concentrated in urban areas, for example, up to 75 per cent of the doctors practise in urban areas, and thus the situation in rural areas is even more critical than national averages indicate. Still there have been some good but more bad areas. The accelerated progress in smallpox eradication now limits endemic disease to one country - India. Intensive work and effective surveillance lead WHO to predict that the goal will be achieved in 1975.

The increasing problems in malaria eradication have led to a thorough reappraisal of control measures, with effective disease control now the objective in many countries.

Parasitic diseases are still widespread and show little diminution. Tuberculosis remains an important public health problem in developing countries although the means of prevention and cure are known. Nutritional deficiencies particularly affect the health of mothers and children and the global picture today is alarming in a period of declining food reserves. The lack of community water supplies and waste disposal systems leave sanitation at low levels.

WHO has now placed the highest priority on country programming and the development of a sound national health plan as an integral part of socio-economic development. This enables Governments to identify needs, set priorities, and establish a sound basis for requests for financial assistance from funding institutions.

Emphasis on delivery of primary health care in rural areas, with special attention to potable water and good sanitation, promises an impact on the segment of the population most in need of medical care. Use of auxiliary personnel, shunned in the past, is now becoming accepted practice.

## General conclusions and recommendations (CRP.1, sect. II.C)

### A. COMMODITY POLICY

Commodity policy in the international area should aim to achieve reasonably stable and remunerative prices for producers, assure long-term supply availability at reasonable prices for consumers and serve interests of both developing and developed countries. Such aims should be pursued in appropriate producer-consumer forums through a commodity-by-commodity approach.

### B. MOST SERIOUSLY AFFECTED COUNTRIES

The major problem arising in pursuit of the goals of the International Development Strategy and the more dangerous areas of social and political unrest are in the economically poorest countries. Accordingly, as recommended in General Assembly resolution 3202 (S-VI), it is currently this group that should be accorded special consideration by the international community as a whole as well as in bilateral and multilateral programmes. Such actions are now under consideration in various forums. We recommend and urge the early completion of the necessary study and negotiations to bring helpful agreements into effect. Such measures might include the following:

(a) Increased agricultural development aid;

(b) Assured availability of food aid;

(c) Establishment of IMF "Special Account" to provide interest subsidy for the most seriously affected countries drawing on IMF oil facility for 1975;

(d) Establishment of IMF Trust Fund to provide balance-of-payments loans to low-income countries at highly concessional terms for 1976 and beyond (about \$1.5 billion initially);

(e) Establishment of a World Bank "third window", primarily for project lending on intermediate concessional terms for poorer credit-worthy countries (about \$1 billion).

### C. FOOD POLICY

The long-range needs for food require further action on preliminary agreements reached at the World Food Conference to assure:

(a) A rapid increase in food production to be encouraged and assisted through support of:

(i) World Food Council review, assessment and recommendations on food production and requirements for financial resource needs;

(ii) The Consultative Group on Food Production and Investment, organized jointly by the World Bank, the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Development Programme (UNDP) to increase, co-ordinate and improve the efficiency of financial and technical assistance to agricultural production of the least developed countries;

(iii) Efforts to encourage food production in developing countries as well as least developed countries;

(b) A world food-grain reserve large enough to cover potential production shortfalls with stock-holding responsibility shared by exporters and importers;

(c) an annual food aid target of a minimum of 10 million tons of grain to be met by traditional donors, state trading nations and developing countries in a position to do so.

#### D. TRANSNATIONAL CORPORATIONS

The United Nations Commission on Transnational Corporations should undertake constructive international discussion of foreign investment issues. In doing so, the goal of its work should be to promote the maintenance of a liberal climate for investment which will facilitate international flows of capital and technology. The Commission can further this objective by seeking ways to strengthen intergovernmental co-operation on such questions as national treatment for foreign investors, impartial settlement of investment disputes in accordance with international law, taxation of foreign source income and information exchange. The Commission should also examine the feasibility of evolving a balanced, non-binding code of conduct which might help to clarify the standards of behaviour which Governments and enterprises can expect from one another. While the Commission and the Information and Research Centre in the secretariat are the focal points for United Nations activity on transnational corporations, they should avoid duplication of the work of the United Nations Conference on Trade and Development on the restrictive business practices and the transfer of technology of the International Labour Organisation on employment and industrial relations.

#### E. TRADE

The multilateral trade negotiations hold the greatest promise for expanding the trade of the developing countries in manufactured as well as agricultural products. These negotiations, which encompass tariff and non-tariff barriers as well as other measures impeding trade, will lead to a more open world trading system through the reduction of trade barriers affecting the export interest of both developed and developing countries, and will influence the structure of global trade for years to come.

Most developed countries have now adopted a generalized system of tariff preferences aimed at promoting the expansion and diversification of developing country exports. While generalized tariff preferences will be helpful in the short and medium term, the multilateral trade negotiations will cover a broader range of products and are expected to have more lasting importance for developing country trade. Generalized system of preferences (GSP) and "most-favoured-nation" (MFN) tariff concessions are two different approaches to trade liberalization but, taken together, should work in complementary ways to provide additional benefits for the developing countries. In view of the temporary and non-binding nature of the generalized system of preferences, it will be in the interest of the developing countries to seek MFN tariff concessions on as many products as possible in the multilateral trade negotiations.

The multilateral trade negotiations offer the opportunity for the developing countries to take a critical look at their own trade barriers which can constitute a formidable obstacle to rational development of both human and natural resources. MFN tariff reductions and other trade liberalizing actions by the developing countries within the context of the multilateral trade negotiations could serve to enhance their development objectives. Contributions by developing countries, consistent with the Tokyo Declaration, can be selected with the objective of promoting such rationalization.

## 1. COMMODITIES

The international community has become increasingly aware of commodity problems and issues. The developed countries have agreed on the need for a more active approach to commodity problems, to be pursued in the appropriate existing or new forums, based on co-operation between producing and consuming countries, and taking into account the difference among commodities and groups of commodities.

## 2. TEXTILES

A new arrangement regarding International Trade in Textiles entered into force on January 1974, replacing the previous agreement which covered trade in cotton textiles only. The present agreement provides for the regulation of world trade in cotton, wool and man-made fibre textiles. It ensures market access and orderly growth of world trade in textiles, while averting unacceptable disruption to domestic markets.

## 3. REGIONAL INTEGRATION

The formation of regional trading arrangements between developing countries has been strongly encouraged in recent years. Such groupings, in the form of customs unions or free trade areas, are specifically envisaged by GATT in recognition of the stimulus they can provide to trade and economic growth.

## 4. TROPICAL PRODUCTS

Tropical products have been designated a priority sector in the multilateral trade negotiations in view of the dependence of a large number of developing countries on these products as a source of export earnings. Developing countries participating in the negotiations are being encouraged to submit request lists indicating those products of special interest to them and developed countries are attempting to identify specific tropical products on which they are able to offer concessions.

### Agriculture: record, roles, recommendations

#### The record

The agriculture sector is crucial to attainment of the broad social and economic development goals for developing countries as embodied in the International Development Strategy. It is this sector which has a weight of over 40 per cent in the computation of the over-all economic growth target of 6 per cent. Also, over two thirds of the population in developing countries is engaged in this general area. Of special concern, therefore, is the fact that, against a growth target of 4 per cent, in the first four years of the Decade, production actually increased by only 1.8 per cent while the population of developing countries has grown at 2.4 per cent annually. Thus, per capita food production in the developing countries actually fell about 0.7 per cent a year in 1970-74.

Food imports of developing countries have risen rapidly in volume (7.3 per cent a year in 1970-73) and in cost (22.0 per cent a year), draining scarce foreign exchange which might otherwise, in whole or part, have been made available for development purposes.



Shortfalls in production, world-wide food shortages and rising food prices have resulted also in market deterioration in levels of nutrition. In this situation stocks of basic cereals have been drawn down well below minimum safe levels. For three years in succession the world's food supply has depended precariously on the outcome of the current harvest, and thus on the weather.

The last four years were exceptional years, due to adverse weather and sharp increases in prices of agricultural inputs, including fertilizer, pesticides, and fuel for irrigation pumps and farm machinery. Nevertheless, most of the longer-term trends have also been highly unsatisfactory and reflect inadequate attention and policy-making for the agricultural sector including reform of the land tenure structure [Source: E/C.9/L.10, para. 301]. Progress in implementation of land reform programmes has been far from satisfactory in most of the developing countries [ibid., para. 220].

### The outlook

Achievement of the original 4 per cent target for the Decade as a whole would require an average annual increase of 5.3 per cent during the next six years, a rate beyond probability. The 4 per cent growth rate appears an optimistic target for the remainder of the Decade and beyond. The Food and Agriculture Organization of the United Nations (FAO) assessments indicate an expectation of about 3.6 per cent annual growth through 1985. However, special efforts on the part of both developing country Governments and external donors are required even if this modified goal is to be attained.

Fortunately, urgent attention is being given to agriculture by developed and developing countries. The World Food Conference notably aimed to promote increased production, increase resources for agricultural development, assure food supplies, create a food reserve system and establish co-ordination institutions.

### Task for the developing countries

Most of the key actions required for food and agricultural development must be carried out by developing countries themselves [ibid., para. 259]. Comprehensive national efforts must be directed toward the integration of the rural population into the development process in order to provide them with a minimum standard of living. Far-reaching changes in the basic structure of rural institutions and services are required for this purpose [ibid., para. 298]. National agricultural strategies must be developed with such assistance from the international community as may be requested and can effectively be used.

Genuine agrarian reform requires an effective blend of responsibility for the rural masses and their Governments. Far more meaningful land tenure reform must be instituted consistent with the local situation. Institutional credit must be made available to small farmers. Without credit they will not be able to purchase the inputs of seeds, fertilizer and pesticides associated with the green revolution. Policies must be designed to improve marketing. Too often, government intervention in this field has been sporadic and misguided [ibid., para. 232]. Facilities for storage and processing must be developed and the estimated 5 to 10 per cent post-harvest cereal losses avoided [ibid., para. 234].

Facilities for agricultural processing industries can also provide employment, increase incomes, stimulate agricultural production and form the basis of the early stages of industrialization. Pricing policies, which often are skewed to maintain low urban food prices, must be modified to provide incentives to small farmers to increase production. Attention must also be paid to increasing fishery and forestry production and domestic processing of fish and wood products.

#### Role of external donors

International support can play a complementary but also crucial role in the success of domestic efforts through international development assistance for agriculture, especially for agricultural research, and increased assistance for programmes for the rural poor.

It is estimated that total commitments increased from about \$1.5 billion in 1972 to about \$2 billion in 1973 [*ibid.*, para. 262], but considerably larger sums are needed for the rest of the Decade to achieve growth targets in rural areas.

The quality of the assistance is highly important. Technical assistance projects and capital inputs require careful planning if they are to make a genuine change in the life of the rural population.

#### Recommendations

The International Development Strategy was drafted in an era of surplus or plentiful stocks in the grain-exporting countries. In view of the dramatically changed situation, the World Food Conference placed considerable emphasis on world food security and improved food aid policies. We recommend continued forward planning of food aid, achievement of a world target of food aid of 10 million tons of grain, early attainment of an international agreement on a system of national grain reserves, with the burden to be equitably distributed between producers and consumers. We urge that the follow-up machinery established at the Conference become operative soonest and effectively co-ordinate world efforts to increase agricultural production. This machinery includes the new Consultative Group on Food Production and Investment, under the auspices of UNDP, FAO and the World Bank, to see that resources made available are utilized in the most efficient manner possible, and the expanded Consultative Group on International Agricultural Research to co-ordinate national and international research programmes [Other sources: E/5618, E/5619].

Annex II

France, Germany, (Federal Republic of), Italy and the United Kingdom of  
Great Britain and Northern Ireland: proposed new text for paragraph 48  
of the International Development Strategy e/

"48. The attainment of the objectives of the Strategy, particularly in the agricultural and industrial sectors, could be considerably facilitated through the creation of co-operative ventures for development. To this end, appropriate formulas should be envisaged aimed at combining financial resources made available by a number of countries with the technological resources to be supplied by industrialized and/or developing countries for the implementation of large-scale projects to be agreed upon by all countries concerned."

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e/ Conference Room Paper No. 5.

### Annex III

#### Germany (Federal Republic of) and the United Kingdom of Great Britain and Northern Ireland: proposed revised text for paragraph 65 of the International Development Strategy f/

##### "Population

"65. All countries will co-operate to achieve the goals and objectives set forth in the World Population Plan of Action whose primary aim is to expand and deepen their capacities to deal effectively with their national and subnational population problems and to promote an appropriate international response to their needs by increasing international activity in research, the exchange of information, and the provision of assistance on request.

"It is the responsibility of each Government to decide on its own policies and devise its own programmes of action dealing with the problems of population in conformity with the basic human right of all couples and individuals to decide freely and responsibly the number and spacing of their children and to have the information, education and means to do so. Countries which consider their birth rates detrimental to their national purposes will consider setting quantitative goals and implement policies that may lead to the attainment of such goals by 1985. Countries wishing to affect fertility levels will give priority to implementing development programmes and educational and health strategies which, while contributing to economic growth and higher standards of living, have a decisive impact upon demographic trends, including fertility.

"International co-operation plays an important supportive role in achieving the goals of the World Population Plan of Action. This supportive role shall take the form of direct assistance, technical or financial, in response to national or regional requests, or the form of other activities, such as monitoring progress, undertaking comparative research in the area of population, resources and consumption, and furthering the exchange among countries of information and policy experience in the field of population. Assistance should be provided, as far as possible, with the assurance of support consistent with the national plans of recipient countries. Assistance should also be provided on the basis of the respect of sovereignty of the recipient country and its national policies.

"Developed countries and other countries able to assist will endeavour to increase their assistance to developing countries in the field of population through bilateral and multilateral channels."

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f/ Conference Room Paper No. 6.

Annex IV

Belgium, France, Germany (Federal Republic of), Italy, Netherlands and the United Kingdom of Great Britain and Northern Ireland: proposal by the European Economic Community and its member States for a new expanded section for inclusion in the International Development Strategy g/

"Agriculture, rural development and food production

"1. The fundamental objectives of agricultural development are the following:

(a) To increase food production, so that it more than keeps pace with rising population, so as to improve nutritional standards, remove the threat of starvation and increase world food stocks;

(b) To increase rural incomes in order to eliminate mass poverty and hardship, increase employment and improve income distribution.

2. Each individual developing country has the right and responsibility to determine the strategy for agricultural development (including fisheries, forestry and animal husbandry) best fitted for its needs. All developing countries should accord a high priority to agricultural and fisheries development, and in particular to policies and programmes for increasing food production, so as to achieve a minimum agricultural growth rate of 4 per cent per annum. Strategies for agricultural development should include the following elements:

- (i) Providing adequate supplies of essential inputs, including fertilizers, pesticides, quality seeds, farm and fishery equipment and machinery, fuel, breeding stock and water;
- (ii) Developing rural infrastructures, including storage, processing, transportation, marketing, credit and educational and social amenities;
- (iii) Conservation and improvement of existing cultivable land, and reclamation and development of new land;
- (iv) Progressive social and structural transformation of agriculture, including land reform as an integral element in rural development;
- (v) Training, the provision of extension services and agricultural research;
- (vi) Provision of incentives for farmers inter alia through appropriate domestic pricing and fiscal policies;
- (vii) Reduction to a minimum of waste of food and agricultural resources, including reduction of post-harvest food losses.

3. The problem of rural development and food production should be attacked in an integrated manner and should be given the highest priority in international and national efforts, and treated as of vital concern in the allocation of resources

financial and human, the building up and strengthening of institutions, the formulation of programmes and policies and the flow of aid. Integrated programmes should lay emphasis on the need to ensure the full participation of the rural population and improved income distribution, and should include attention to the appropriate organization of agriculture including land reform as appropriate, the creation of rural institutions including co-operatives and other community groups, the supply of the necessary inputs and support services, adequate incentives for increased production, formal and non-formal education, health services, and other social amenities.

4. Bearing in mind the increasing interdependence of agricultural policies and the need for closer policy co-ordination among developed and developing countries recognized by the World Food Conference, developed countries and other countries able to do so should:

- (i) Adopt and implement agricultural policies which encourage the expansion of food production while taking into account world food requirements; such policies should not impede or delay the increase of food production in developing countries;
- (ii) Substantially increase, both through bilateral and the appropriate multilateral channels, official development assistance to agriculture in developing countries, including capital assistance on soft terms, technical assistance, transfer of technology and programme loans for imports of essential inputs;
- (iii) Accept and implement the concept of forward planning of food aid, and make all efforts to provide commodities and/or financial assistance that will ensure in physical terms at least 10 million tons of grain or food aid a year, starting from 1975, and also to provide adequate quantities of other food commodities;
- (iv) Employ flexible aid policies for agricultural development, including increased assistance for the preparation and execution of projects, and institution-strengthening; and involving aid as grants and on other concessional terms, and a willingness to consider the untying of aid and the financing of local and recurring costs in appropriate circumstances;
- (v) Pay attention to income distribution and social factors in the design and choice of rural development projects.

5. In accordance with the decisions of the World Food Conference, a Global Information and Early Warning System on Food and Agriculture should be established under the supervision of the Food and Agriculture Organization of the United Nations, with the full co-operation of all Governments; and all Governments should co-operate in bringing into operation the proposed International Undertaking on World Food Security."

## Annex V

### Belgium, France Italy and the United Kingdom of Great Britain and Northern Ireland: proposed revision of paragraphs 13, 14, h/ 16 and 17 h/ of the International Development Strategy i/

#### Goals and Objectives

1. The annual average rates of growth of the developing countries for the second half of the Second United Nations Development Decade should reach at least the following figures:

- (a) 6 per cent in gross product;
- (b) 4 per cent in agricultural output;
- (c) 8 per cent in manufacturing output.

These targets are a broad indication of the scope of convergent efforts to be made during the Decade at the national and international levels.

2. Taking into account that, while the above targets were on average largely met during the first four years of the Decade, but that there was a great disparity of performance between countries, and some of the poorest countries, and the poorest sections of the population within countries, did not share equitably in this general growth, particular efforts should be made for the remainder of the Decade to ensure:

(a) That the poorest of the developing countries, and most notably those having a gross product per head at or below \$275 j/ should individually attain and if possible exceed the targets specified in paragraph 1;

(b) That the attainment of the targets should, as a minimum, be accompanied by no relative worsening in the distribution of income within countries and that, if possible, the income share of the lowest plus 40 per cent of the population of each developing country should be substantially increased by the end of the Decade.

3. [As para. 14 of International Development Strategy. Omit last sentence, in view of 2 (a) above.]

4. [Para. 17 unchanged.]

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h/ Paragraphs 15 and 18 of the International Development Strategy, which may need some revision, are not considered in this document.

i/ Conference Room Paper No. 8.

j/ Figures tentatively suggested.

## Annex VI

### Germany (Federal Republic of), Italy, Netherlands and the United Kingdom of Great Britain and Northern Ireland: proposed new section for inclusion in the International Development Strategy k/

#### "Statistics

"1. The need for better data in many areas relevant to the review and appraisal exercise was noticeable during the First Biennial Review and the Mid-Term Review and Appraisal. All Governments urged to make efforts to improve the quality and coverage of data and statistics collected in their countries, especially in areas where particular deficiencies have been noted, as:

- (i) Employment, including rural employment, unemployment and under-employment;
- (ii) Income distribution, including the distribution of economic growth among the various income levels;
- (iii) Identification of the rural poor;
- (iv) Nutrition, health and education among the poorer groups of the population.

2. International organisations and countries in a position to do so will assist developing countries in these efforts."

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k/ Conference Room Paper No. 9



## Annex VII

### United Kingdom of Great Britain and Northern Ireland: proposed revision of paragraphs 56-59 of the International Development Strategy 1/

#### Special measures for the poorest countries

1. While it is the objective of the Decade to achieve the rapid economic and social progress of all developing countries, special measures will be taken to assist those with a gross product per head below \$275 to accelerate their development and thus to avoid accentuating disparities within the Group of Developing Countries. Every possible effort will be made to ensure the sustained economic and social progress of these countries and to enhance their capacity to benefit fully and equitably from the policy measures for the Decade. Wherever necessary, supplementary measures will be devised and implemented at the national, subregional, regional and international levels. Organizations and bodies of the United Nations system will introduce special programmes to alleviate their critical development problems; developed countries will assist in the implementation of these programmes.
2. Certain further categories of countries have been identified which have special needs:
  - (a) The least developed among the developing countries face particularly intractable problems of a long-term nature which inhibit their development;
  - (b) The groups of land-locked and island developing countries have specific problems resulting from their geographical positions;
  - (c) The countries most seriously affected by the economic crisis face acute difficulties of a short-to-medium-term character.

#### The least developed countries

3. Concerted efforts will be made by developed countries and international organizations through their programmes of technical assistance and through financial aid, including grants and/or exceptionally soft loans, to meet the needs of the least developed among the developing countries and designed to enhance their absorptive capacity. In particular, attention will be paid to overcoming their problem of the scarcity of indigenous technical and managerial cadres, to building economic and social infrastructure, to the exploitation by these countries of their natural resources and to assisting them in the task of formulating and implementing national development plans.
4. Special measures will be taken by national and international organizations to improve the capacity of the least developed among the developing countries to expand and diversify their production structure so as to enable them to participate fully in international trade. Moreover, in the field of primary commodities, special consideration will be given to commodities of interest to these countries, and, in concluding commodity agreements, the interest to these countries will receive due attention. In the field of manufactures and semi-manufactures, measures in favour of developing countries will be so devised as

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1/ Conference Room Paper No. 10.

to allow the least developed among developing countries to be in a position to derive equitable benefits from such measures. Particular consideration will be given to the question of including in the general system of preferences products of export interest to these countries. Special attention will also be paid by developed countries and international organizations to the need of these countries to improve the quality of their production for export as well as of marketing techniques in order to enhance their competitive position in world markets. These countries, in co-operation with other developing countries will intensify their efforts for subregional and regional co-operation, and the developed countries will facilitate their task through technical assistance and favourable financial and trade policy measures.

#### The geographically disadvantaged countries

5. National and international financial institutions should accord appropriate attention to the special needs of the land-locked developing countries and the developing island countries, in extending to them financial and technical assistance for projects designed to alleviate difficulties due to their geographical position. Implementation of measures designed to assist the geographically disadvantaged countries in overcoming the handicaps of their position should take into account the relevant decisions and resolutions of the United Nations Conference on Trade and Development. Studies of the particular problems and requirements of these groups should be continued in the appropriate international bodies.

#### The most seriously affected countries

6. The sharp increase in the prices of their essential imports such as food, fertilizers, energy products, capital goods, equipment and services, including transportation and transit costs, has gravely exacerbated the balance-of-payments position of a number of developing countries, added to the burden of their foreign debt and, cumulatively, created a situation which, if left unattended, will make it impossible for them to finance their essential imports and development and result in a further deterioration in the levels and conditions of life in these countries.

7. The special measures adopted to assist the most seriously affected countries must encompass not only the relief which they require on an emergency basis to maintain their import requirements, but also, beyond that, steps to consciously promote the capacity of these countries to produce and earn more. Unless such a comprehensive approach is adopted, there is every likelihood that the difficulties of the most seriously affected countries may be perpetuated. Nevertheless, the first and most pressing task of the international community is to enable these countries to meet the shortfall in their balance-of-payments positions. But this must be simultaneously supplemented by additional development assistance to maintain and thereafter accelerate their rate of economic development.

/Sources: General Assembly resolution 2626 (XXV) and General Assembly resolution 3202 (S-VI), sect. X./

## Annex VIII

### Netherlands, Norway and Sweden: proposed new section on the interrelationship between natural resources, population and environment for inclusion in the International Development Strategy m/

#### Natural resources

.. The international community should make every effort to establish wise utilization and just distribution of the world's resources to satisfy the fundamental needs of people wherever they live. Attention must be paid to the relationships between resources, population, environment and development.

2. All countries should make every effort to eliminate waste of natural resources, and encourage production and consumption patterns which are based on an optimum use of the earth's reproductive capacity. Developed countries, which constitute only 10 per cent of the world's population but account for 70 per cent of the world's income, bear a special responsibility in this respect.

3. Developed countries in particular should encourage a rational use of energy by appropriate measures such as long-term plans on the production and use of energy, rational energy savings campaigns, promotion of public transportation, efforts to improve housing construction designs and to develop energy-saving technology in industry, agriculture and transportation.

.. Developed countries possessing the scientific capacity should encourage research in the development of new energy resources, including permanent sources such as the sun, wind and water, and continued research on the possibilities and problems connected with the development and use of nuclear power for peaceful purposes.

. Developed countries should encourage the development of products which may be re-used or recycled, and the development and application of methods to recycle renewable and non-renewable resources.

#### Population

. The formulation and implementation of population policies are the sovereign right of each nation. This right is to be exercised in accordance with national objectives and needs and without external interference, taking into account universal solidarity in order to improve the quality of life of the peoples of the world.

Source: General Assembly resolution 3344 (XXIX), preamble.]

In the democratic formulation of national population goals and policies, consideration must be given, together with other economic and social factors, to the supplies and characteristics of natural resources, the quality of the environment, and particularly, to all aspects of food supply. The demand for vital resources increases not only with growing population but also with high per capita consumption; attention must be directed to the just distribution of resources and to the minimization of wasteful aspects of their use throughout the world.

Source: World Population Plan of Action, para. 14(j).]

7. Countries which consider that their present or expected rates of population growth hamper their goals of promoting human welfare are invited, if they have not yet done so, to consider adopting population policies, within the framework of socio-economic development which are consistent with basic human rights and national goals and values. Recognizing that per capita use of world resources is much higher in the developed than in the developing countries, the developed countries are urged to adopt appropriate policies in population, consumption and investment, bearing in mind the need for fundamental improvement in international equity. [Source: World Population Plan of Action, para. 19.]

Developed countries, other countries able to assist, and international organizations concerned are urged to provide assistance in the population field to developing countries, upon request and in accordance with the national priorities of the receiving countries. [Sources: General Assembly resolution 2626 (XXV), para. 65 and World Population Plan of Action, para. 104.]

#### Environment

8. The protection, preservation and enhancement of the environment for the present and future generations is the responsibility of all States. All States shall endeavour to establish their own environmental and developmental policies in conformity with such responsibility. The environmental policies of all States should enhance and not adversely affect the present and future developmental potential of developing countries. All States have the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction. All States should co-operate in evolving international norms and regulations in the field of the environment. [Source: General Assembly resolution 3281 (XXIX), article 30.]

9. Developed countries, due to the scope of their industrial and other economic activities, have a special responsibility in this field. They should pay particular attention to activities which may cause damage to the air, the oceans and other international waters, or which may affect the climate.

10. In their development plans developing countries should take into account that measures undertaken to protect the natural environment often are major investments for long-term development, and that the cost of remedying environmental damage that has already occurred may become very large."

Annex IX

Group of 77: preliminary proposal--n/

With a view to providing an integrated text for the revision of the International Development Strategy, the Group of 77, members of the Committee on Review and Appraisal, submits to the Committee the following preliminary proposal:

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n/ Conference Room Paper No. 4/Rev.1.

## PREAMBLE

1. At the time of the launching of the Second United Nations Development Decade, Governments pledged themselves, individually and collectively to pursue policies designed to create a more just and rational world economic and social order in which equality of opportunities would be as much a prerogative of nations as of individuals within a nation. Goals and objectives, defined in a time-bound frame, and a coherent set of supporting policy measures, were then established with the aim of transforming into reality that solemn pledge.
2. At the mid-point of the Decade, while the international community solemnly proclaimed its determination to work urgently for the establishment of the New International Economic Order, it is apparent that the broad development objectives of the International Development Strategy have not been achieved in the light of the failure of most of the developed countries in living up to the commitments of 1970. Poverty, hunger and unemployment are still the lot of the developing countries in a world of inequalities. Progress, when it occurred, was mainly the result of the developing countries' own efforts, while retrogression of policies of the developed countries was observed in important areas for development. The lack of implementation of the policy measures embodied in the International Development Strategy, compounded by a continuing economic crisis which affects in particular the developing countries because of their greater vulnerability to external economic impulses, produced the most discouraging results, with minimal progress in the advancement of the cause of development.
3. While the first half of the Decade witnessed an alarming increase in the gap between developed and developing countries, it also witnessed an irreversible and most promising change in the relationship of forces of the world, with the gradual emergence of the developing countries as a powerful factor, as a necessary consequence of the new and growing perception of the reality of interdependence. It is significant that the very facts and developments that finally doomed the inequities of the past have ushered in the New International Economic Order.
4. The revised International Development Strategy is conceived within the framework of the New International Economic Order advanced in the Declaration and the Programme of Action of 1 May 1974, and the Charter of Economic Rights and Duties of States, of 12 December 1974, which constitutes an important instrument towards the establishment of that Order. The purpose of the revised Strategy is to promote in the time frame of the Decade the establishment of the New International Economic Order. The reality of interdependence and the new sense of international equity compel the community of nations to revise their policies for international co-operation for development so as to speed the tempo of the process of removal of inequities that still persist in the relations between the developed and the developing world.
5. The revised Strategy must, therefore, be seen in the broader framework of the New International Economic Order. While its goals, objectives and supporting

policy-measures are conceived with the ultimate purpose of advancing the implementation of that Order, its specific provisions have to a large extent the nature of measures designed for a period of transition.

6. Keeping within the framework of integrated development planning which inspired the framers of the Strategy, the revised text also embodies the aspirations set out by the international community for the remainder of the Decade in critical areas which have caught the attention of the world in recent years. The conferences held at Stockholm, Bucharest, Rome and Lima have thus prompted a number of provisions aimed at better attuning international co-operation to the needs of humanity.

7. The growing awareness of food scarcity and its impact on the poorer sections of society has led to a considerable emphasis on matters designed to bring food production into line with the expanding requirements of humanity. Simultaneously, the realization of the need for a more equitable and just distribution of world industrial production through an increased share of developing countries in world industrial output has called for the enlargement and the strengthening of the provisions of the Strategy in the field of industrial development as a means of raising standards of living in all nations.

8. Progress towards general and complete disarmament under effective international control should release substantial additional resources which could be utilized for the purpose of economic and social development, in particular that of developing countries. There should, therefore, be a close link between the Second United Nations Development Decade and the Disarmament Decade.

9. While based on the premise that the primary responsibility for development rests on the developing countries themselves, the revised Strategy is equally founded on the tenet that there is a common universal responsibility for development, that solidarity of humanity has no frontiers, and that growing interdependence is a newly realized, inescapable and promising destiny. However great the efforts of the developing countries, they will be unable to achieve the desired development goals as expeditiously as they must unless they are assisted through fundamentally changed economic and social policies on the part of the developed countries and increased flows of financial resources to developing countries.

10. International co-operation for development must be on a scale commensurate with that of the problem itself. Partial, sporadic and half-hearted gestures, however well-intentioned, will not suffice.

11. Essential conditions must be satisfied for the revised International Development Strategy to live up to its name and fulfil the imperative and urgent needs of the developing countries. Unlike the deliberations in 1970 which accepted the premise of the then existing system of international economic relations, the international community is now committed, within the framework of the New International Economic Order, to a process of change.

This change must lead to more equitable and more durable international economic relations geared to the full and effective participation of the developing countries in the world economy and in the deliberations and decisions that affect it.

12. Thus the revised Strategy must ensure that a very much greater priority is accorded by the developed countries to international development policies, that their commitments for development of the developing countries are binding, and that development policies are not treated as residual elements in the over-all economic policies of these countries. The commitments of the revised Strategy constitute a minimum undertaking by the developed countries.

13. At the same time, the newly-found strength of the developing countries opens up promising avenues for enlarging and reinforcing co-operation among those countries on the basis of the fraternal solidarity of their peoples in facing the challenge of development, justice and equity. Particularly important is the joint struggle of the developing countries in the defence of their permanent sovereignty over their natural resources and their economic activities, and in the strengthening of their negotiating power for obtaining a just and equitable treatment for their exports of both primary products and manufactured goods.

14. In adopting a revised International Development Strategy for the remaining years of the seventies, the international community is convinced that the cause of development cannot prosper and the dignity of Man cannot be advanced if the sovereignty and territorial integrity of States and the fundamental rights of peoples are not fully respected. The immediate elimination of the remaining vestiges of alien and colonial domination, foreign occupation, racial discrimination, apartheid and neo-colonialism in all its forms is therefore an inseparable and essential goal of any strategy that can be drafted for the enhancement of development of developing countries. It is the right and duty of all States, individually and collectively, to eliminate colonialism, apartheid, racial discrimination, neo-colonialism, occupation and all forms of foreign aggression, and domination and the economic and social consequences thereof, as a prerequisite for development. States which practise such policies are responsible to the countries, territories and peoples affected for restitution and full compensation for the exploitation and depletion of, and damage to, the natural and all other resources of these countries, territories and peoples. It is, in addition, the duty of all States to extend assistance to those countries, territories and peoples.

15. Guided by the New International Economic Order, and thus committed to correcting inequalities and redressing existing injustices, wherever and in whatever form they occur, Governments pledge themselves to the aims and measures set out in the following paragraphs.



## GOALS AND OBJECTIVES

16. As an instrument for the establishment, within the time-frame of the Decade of the New International Economic Order, the aim of the revised International Development Strategy is to correct inequalities, to redress existing injustices, to eliminate the widening gap between the developed and the developing countries and to ensure steadily accelerating economic and social development and peace and justice for present and future generations.

17. The average annual rate of growth in the gross product of the developing countries during the Second United Nations Development Decade should be at least 6 per cent. This target and those derived from it are a broad indication of the scope of convergent efforts to be made during the Decade at the national and international levels; it should be the responsibility of each developing country to set its own target for growth in the light of its own circumstances.

18. The average annual rate of growth of gross product per head in developing countries as a whole during the Decade should be at least 3.5 per cent in order to make a beginning towards narrowing the gap in living standards between developed and developing countries. An average annual growth rate of 3.5 per cent per head will represent a doubling of average income per head in the course of two decades. In countries with very low incomes per head, efforts should be made to double such incomes within a shorter period.

19. The target for growth in average income per head is calculated on the basis of an average annual increase of 2.5 per cent in the population of developing countries, which is less than the average rate at present forecast for the 1970s. In this context, each developing country should formulate its own demographic objectives within the framework of its national development plan.

20. An average annual rate of growth of at least 6 per cent in the gross product of developing countries during the Decade will imply an average annual expansion of:

(a) 4 per cent in agricultural output;

(b) Considerably more than 8 per cent in manufacturing output.

21. The aim in industrial development is to increase the share of developing countries in world industrial production to the maximum possible extent and as far as possible to at least 25 per cent of total world industrial output by the year 2000, while making every endeavour to ensure that industrial growth so achieved is distributed among developing countries as evenly as possible.

22. For attaining the over-all growth target of at least 6 per cent per annum, there should be an average annual expansion of:

(a) 0.5 per cent in the ratio of gross domestic saving to the gross product so that this ratio rises to around 20 per cent by 1980;

(b) Somewhat less than 7 per cent in imports and somewhat higher than 7 per cent in exports.

23. As the ultimate purpose of development is to provide increasing opportunities to all people for a better life, it is essential to bring about a more equitable distribution of income and wealth for promoting both social justice and efficiency of production, to raise substantially the level of employment, to achieve a greater degree of income security, to expand and improve facilities for education, health, nutrition, housing and social welfare, and to safeguard the environment. Thus, qualitative and structural changes in the society must go hand in hand with rapid economic growth, and existing disparities - regional, sectoral and social - should be substantially reduced. These objectives are both determining factors and end-results of development; they should therefore be viewed as integrated parts of the same dynamic process, and would require a unified approach:

(a) Each developing country should formulate its national employment objectives so as to absorb an increasing proportion of its working population in modern-type activities and to reduce significantly unemployment and under-employment;

(b) Particular attention should be paid to achieving enrolment of all children of primary school age, improvement in the quality of education at all levels, a substantial reduction in illiteracy, the reorientation of educational programmes to serve development needs, and, as appropriate, the establishment and expansion of scientific and technological institutions;

(c) Each developing country should formulate a coherent health programme, as an integral part of economic and social development plans for the prevention and treatment of diseases and for raising general levels of health and sanitation;

(d) Levels of nutrition should be improved in terms of the average caloric intake and the protein content, with special emphasis being placed on the needs of vulnerable groups of population;

(e) Housing facilities should be expanded and improved, especially for the low-income groups and with a view to remedying the ills of unplanned urban growth and lagging rural areas;

(f) The well-being of children should be fostered;

(g) The full participation of youth in the development process should be ensured;

(h) The full integration of women in the total development effort should be encouraged.

## POLICY MEASURES

24. The above goals and objectives call for a continuing effort by all peoples and Governments to promote economic and social progress in developing countries by the formulation and implementation of a coherent set of policy measures. Animated by a spirit of constructive partnership and co-operation, based on the interdependence of their interests and reflecting their political will and collective determination to achieve these goals and objectives and thus promote the implementation of the new international economic order, Governments, individually and jointly, solemnly resolve to adopt and implement the policy measures set out below.

25. The policy measures should be viewed in a dynamic context, involving continuing review to ensure their effective implementation and adaptation in the light of new developments, including the far-reaching impact of rapid advance in technology, and to seek new areas of agreement and the widening of the existing ones. Organizations of the United Nations system will appropriately assist in the implementation of these measures and in the search for new avenues of international co-operation for development.

## INTERNATIONAL TRADE

26. Agreement should be reached not later than the fourth session of the United Nations Conference on Trade and Development (UNCTAD) on the implementation of an over-all integrated programme for commodities, with the following elements: (i) establishment of international stocking and market intervention arrangements to support prices at remunerative and just levels for commodities of export interest to developing countries; (ii) creation of a special international fund for the financing of stocking and market intervention arrangements; (iii) a system of multilateral commitments on imports and exports; (iv) substantial improvement through widening and enlarging of the facilities for compensatory financing of export revenue fluctuations; and (v) measures for the promotion of diversification of exports of developing countries.

27. Agreement should be reached within the context of an integrated programme on general principles of pricing policy for exports of commodities of developing countries to serve as guidelines for negotiations on individual commodities and with a view to improving the terms of trade between exports of primary commodities and imports of manufactured goods. As one means of achieving this, Governments should establish through, inter alia, a system of indexation a link between the prices of exports of developing countries and the prices of their imports from developed countries with a view to bringing about a just and equitable relationship between the prices of raw materials, primary products, manufactured and semi-manufactured goods exported by the developing countries and the prices of their imports from industrialized countries. Such arrangements should aim at increasing the purchasing power of developing countries.

28. Developing countries should implement all possible means of strengthening the action of established producers' associations and encouraging the establishment of other associations for the main commodities of export interest to them in order to improve their terms of trade and their export income and to achieve stable financing for their development. Developed countries should refrain from applying economic and political measures that would limit the effectiveness of such associations.

29. Specific measures must be taken to rationalize the systems of marketing and distribution of primary commodities and to increase the level of participation by developing countries in the marketing and distribution process with a view to increasing the control of developing countries over their natural resources and improving the returns to developing countries from their exports of primary commodities.

30. Developed countries will supplement the resources of the developing countries in their endeavour to diversify their economies with a view to the expansion of the production and export of semi-manufactures and manufactures, as well as of semi-processed and processed commodities, broadening the patterns of exports in favour of commodities with relatively dynamic demand conditions. Specific domestic measures will be taken by developed countries to facilitate such shifts in developing countries. Specific funds for diversification will be one of the features of commodity arrangements.

31. Immediate measures will be taken in the field of international trade to greatly accelerate the growth and diversification of the export trade of developing countries in manufactures and semi-manufactures and in processed and semi-processed products, to enable them to meet their needs of development and to facilitate an increase in their share in world industrial output and world trade in these products.

32. The GSP schemes should be immediately improved and enlarged so as to include all agricultural and industrial products of export interest to the developing countries at zero rates of duty and without quotas and ceilings or any other restrictions. The rules of the GSP should be so simplified and harmonized and a built-in mechanism evolved to ensure its durability so that developing countries can plan their exports with a view to deriving maximum advantage from the application of the schemes. The GSP should be recognized as a legitimate instrument of development of all developing countries as a permanent feature of the international trading system and should be applied in a non-discriminatory manner to all developing countries. All trade negotiations will be conducted in a manner so as to ensure that the preferential treatment to developing countries will be considerably strengthened.

33. Developed countries will undertake specific internationally agreed financial and other anticipatory measures for the adjustment and adaptation of their economies in order to facilitate the expansion of exports from developing

countries and the achievement of more rational and equitable international economic relations. UNCTAD, in its field of competence and in co-operation with other bodies should arrange consultations to facilitate the appraisal of the measures undertaken for the realization of these objectives.

34. Developed countries should take immediate steps for the removal of tariff and non-tariff barriers affecting the exports of manufactures and semi-manufactures, processed and semi-processed primary products not included in the generalized schemes of preferences, as well as the export of agricultural and other products of export interest to developing countries, such removal to be on a preferential and non-reciprocal basis for developing countries. Special attention should be given to sectors in which developing countries have immediate prospects of expanding production and exports.

35. Developed countries will adhere to the principle of stand-still and any departures will be made the subject of international surveillance and compensation. They will refrain from introducing or increasing the incidence of customs duties or non-tariff barriers on products currently or potentially of export interest to developing countries, or from having recourse in any other manner to unilateral measures, of either general or specific nature to restrict the exports of developing countries. To this end, developed countries which have recently introduced import restrictions that adversely affect the products of interest to developing countries and in particular restrictions specifically directed against such countries, will eliminate them as soon as possible.

36. In the multilateral trade negotiations, priority will be given to the elimination of barriers to the exports of developing countries, improvements in the GSP, and special and preferential treatment for the different areas of interest to developing countries, so that their foreign exchange earnings and terms of trade can improve substantially. The progress and outcome of the negotiations will be reviewed periodically and also at the fourth session of UNCTAD. The multilateral trade negotiations should aim at an early conclusion, and mechanisms be set up to ensure that measures to be taken would have as a net result additional benefits for the international trade of developing countries. The relevant provisions of the General Agreement on Tariffs and Trade (GATT), in particular part IV, should be modified accordingly and/or new provisions should be included in the agreement with a view to incorporating these principles in more precise and definitive terms in order to facilitate their application in favour of the developing countries.

37. In the light of the work done on the identification of restrictive business practices, efforts should be intensified at the national and international levels in order to eliminate such practices and to evolve equitable guidelines for consultations with the objective of negotiating a code of conduct which would permit surveillance and discipline the behaviour of transnational corporations on their production, marketing and pricing policies, and on areas where their activity or their dominant role adversely affects the export efforts of the developing countries.

38. In support of the efforts of developing countries for establishing export-oriented industries and introducing appropriate export policies for manufactures, developed countries should recognize and accept the need of developing countries to use export incentives as a device to improve the competitiveness of their products in view of the nascent stage of their development. In recognition of the above, the developed countries will refrain from taking any countervailing or anti-dumping action against the developing countries where subsidization of exports of manufactures is involved. Developed countries should assist, through financial and technical assistance, the establishment in developing countries of export-oriented industries and export-processing zones. This effort should be further supplemented by subcontracting arrangements by developed countries, the establishment of suitable multilateral export credit guarantee or refinancing schemes and other measures to augment the export capacity of developing countries.

39. Appropriate action, including the provision of financial and technical assistance programmes, will be taken to intensify research and development efforts designed to improve market conditions and cost efficiency and to diversify the end uses of natural products facing competition from synthetics and substitutes. Where natural products are able to satisfy present and anticipated world market requirements, no special encouragement will be given to the creation and utilization of new production capacity in the developed countries, of directly competing synthetics. The ecological advantages of natural products should be fully exploited so as to enlarge markets for them, and improve their competitiveness.

40. Trade between socialist countries of Eastern Europe and developing countries should continue to expand at an accelerated rate. While measures should be taken to increase the rate of growth of imports from developing countries, particular attention shall be paid to increasing the rate of expansion of the share of manufactures and semi-manufactures. Similarly, the number of their trading partners among developing countries should be increased. Efforts should be intensified to enter into new trade arrangements and other improvements to bring about greater flexibility and multilateralization of payments.

41. Trade among developing countries, as part of a wider arrangement for co-operation among developing countries should be internationally supported.

#### PROMOTION OF CO-OPERATION AMONG DEVELOPING COUNTRIES

42. Collective self-reliance and growing co-operation among developing countries will further strengthen their role in the new international economic order. Developing countries should intensify their current efforts and initiate new efforts to negotiate and put into effect long-term commitments among themselves with a view to expanding their mutual trade and to extending economic co-operation in other fields, such as industry, science, technology, transport, shipping and mass communication media.

43. Developing countries should promote close co-operation in the fields of finance, credit relations and monetary issues, including the development of credit relations on a preferential basis and on favourable terms.

44. Developing countries should strengthen efforts which are already being made to utilize available financial resources for financing development in the developing countries through investment, financing of export-oriented and emergency projects and other long-term assistance.

45. Developing countries should promote regional and interregional financial support and co-operation among themselves on the basis of adequate guarantees and reasonable returns for investment in industries and agriculture in developing countries with a view to stimulating their industrialization process particularly through extensive processing in their own territories of raw materials, to enable them to earn more foreign exchange, and the implementation of mechanisms designed to maintain prices of commodities at remunerative levels. Developing countries, taking note of the unfavourable effect of developments in the international economic situation on their economies, particularly those of the most seriously affected among them, should elaborate, with the assistance of relevant United Nations organizations and in particular UNCTAD, proposals which would aim at eliminating the impact of such unfavourable developments and contribute within their respective possibilities to projects that have been or may be initiated in this regard.

46. Developing countries should co-operate in measures for increasing the production of agricultural inputs, particularly fertilizers and pesticides, with the aim of making them available to all developing countries under favourable terms and conditions, particularly to the developing countries most seriously affected and deficient in food supplies.

47. Any special measures in favour of particular developing countries should be taken without losing sight of the needs of other developing countries.

48. Developing countries with surplus means of payment and importing food-stuffs should invest in the stockraising programmes of the less developed countries on the basis of appropriate guarantees.

49. Developing countries should make determined efforts to increase their mutual trade and take in this regard, inter alia, the following steps:

(a) The establishment of payments arrangements at regional levels and ultimately interregional payments arrangements covering as large a number of developing countries as possible;

(b) Further steps to liberalize mutual trade, for instance, by joining at an early date the GATT Protocol relating to Trade among Developing Countries;

(c) Measures through governmental policies and State trading agencies to increase their trade with other developing countries and ensure that no developing country gives to the imports from developed countries more favourable terms than those accorded to imports from developing countries. Preferential treatment should be given to procurement from other developing countries and to exports of those countries.

50. Developing countries should set up suitable multinational agencies for the promotion of research and product development of natural products and of the manufacture of end products therefrom for improving the competitive position of such products. They should investigate fully the scope for obtaining technology from other developing countries and take measures for the establishment of centres for the selection and adaptation of technology and for technological co-operation among themselves. They should co-operate in the exploration and exploitation of sources of energy of the developing countries.

51. Developing countries should promote the establishment of national, regional and interregional shipping companies.

52. Developing countries should co-operate to improve access to markets of developed countries for commodities and receiving remunerative prices for them through appropriate mechanisms.

53. Developing countries must consider all possible means of strengthening the action of producers' associations already established, encourage the creation of other associations for the principal commodities exported by them, and establish a mechanism for consultation and co-operation among the various producers' associations for the purpose of the co-ordination of their activities and for their mutual support, in particular as a precaution against any economic or other form of aggression.

54. Developed countries should take measures to promote co-operation among the developing countries particularly through measures initiated in paragraphs 5 and 6 of UNCTAD resolution 48 (III).

55. Developed countries and international organizations, particularly those of the United Nations system, should take measures or, when appropriate, strengthen the existing ones, for supporting technical co-operation among developing countries.

56. In order to evolve continuously specific projects for co-operation among developing countries there should be a periodical review of the progress made. In this regard appropriate institutional arrangements should be made and when appropriate strengthened within UNCTAD and other relevant United Nations bodies, such as the United Nations Industrial Development Organization (UNIDO) and the United Nations Development Programme (UNDP), in order to maintain the necessary momentum.



57. At the subregional, regional and interregional levels developing countries will adopt the following measures:

(a) Promotion of direct trade between developing countries in order to substantially improve the share of developing countries in international trade particularly in finished products, to eliminate any adverse effects resulting from triangular trade, and to establish appropriate mechanisms to that end;

(b) Creation of the necessary institutional machinery to enable consultation and co-ordination in order to obtain better terms for the acquisition of technology, expertise, licences, equipment, etc., for the developing countries;

(c) Preference should be given by the more industrialized developing countries, as far as possible, to imports of goods produced by the less industrialized developing countries. Positive policies are needed to increase intraregional and interregional trade in manufactures;

(d) The harmonization and co-ordination of economic policies, particularly in the industrial field, and the greater utilization of industrial complementarity, taking into account economies of scale and specialization. This complementarity must be based primarily on the possibilities and requirements of each country through the establishment and strengthening of consultation machinery at the regional, subregional and interregional levels in order that it may result in a harmonious, balanced and more rapid industrial development in the community of developing countries;

(e) Conclusion of long-term agreements on product specialization as deemed appropriate by the respective countries or regional economic associations and a corresponding allocation of production or product-sharing through industrial complementarity agreements;

(f) The sharing through technical co-operation, of experience in industrialization and technology by those who have already acquired this know-how, together with experience in the application of legislative machinery in the economic field in order that it may be widely known among developing countries. The experience shared should include experience in dealing with foreign investment and transnational corporations;

(g) The strengthening, through individual and collective action of the bargaining power of developing countries to obtain favourable terms for the acquisition of technology, expertise, licences and equipment;

(h) Promoting, establishing and strengthening of regional and subregional institutions responsible for the promotion of economic co-operation, particularly industrial co-operation between developing countries.

## FINANCIAL RESOURCES FOR DEVELOPMENT AND THE INTERNATIONAL MONETARY SYSTEM

58. The world international monetary and financial systems have in recent years known unprecedented upheavals. During the early years of the decade when the developed countries continued to grow at very high rates, little or no progress was achieved towards reforming the world financial and monetary systems in a manner more conducive to development and in generating financial resources for development. Indeed, the aid performance of most Development Assistance Committee (DAC) member countries, far from reaching the official development assistance (ODA) target of 0.7 per cent of their gross national product (GNP), declined from 0.53 in 1960 to 0.29 per cent in 1973.

59. Concessional financial resources to developing countries, need to be increased substantially, their terms and conditions ameliorated and their character made more obligatory and mandatory. Automatic mechanisms for the transfer of financial resources to developing countries must be implemented. One such mechanism is the link between additional development assistance and SDR creation.

60. The institutional structure under which international financial resources are mobilized needs to be transformed in such a way so as to reflect the needs and the potential of the developing countries.

61. The improved management of international economy both in the short and the long term requires a tripartite approach encompassing measures in the monetary development, financial and commercial spheres, and in order to be fully responsive to development requirements of developing countries, the reformed monetary system should be developed in conjunction with parallel arrangements for the expansion of the exports of the developing countries and an acceleration in the flow of real resources to them, having regard to the special problems of the least developed among them, under favourable terms and conditions, consistent with their development needs. Technology transfers and co-operation among developing countries must be strengthened by the operation of the monetary and financial systems.

62. The ad hoc arrangements that have replaced the old monetary system will need to evolve, as soon as possible, into a new monetary system that would be fully consistent with the development needs of developing countries. The reformed system should aim at universality, and should also provide for full participation of the developing countries in the making of decisions.

### A. Financial resources for development

63. Developing countries must, and do, bear the main responsibility for financing their development. They will, therefore continue to adopt vigorous measures for a fuller mobilization of the whole range of their domestic financial resources and for ensuring the most effective use of available resources, both internal and external. For this purpose they will continue their efforts to apply sound fiscal and monetary policies and, as required, remove institutional obstacles through the adoption of appropriate legislative and administrative reforms. Efforts will be

made to improve the efficiency of public enterprises so that they make increasing contribution to investment resources. Every effort will be made to mobilize private savings through financial institutions, thrift societies, post office savings banks and other saving schemes and through expansion of opportunities for savings for specific purposes, such as education and housing. The available supply of savings will be channelled to investment projects in accordance with their development priorities.

64. Developing countries will adopt, within the framework of their national plans and priorities, appropriate measures for inviting, stimulating and making effective use of foreign capital, taking into account the areas in which such capital should be sought and bearing in mind the importance for its attraction of conditions conducive to sustained investment. Developed countries on their part, will adopt further measures to encourage the flow of private capital to developing countries; foreign private investment in developing countries should be undertaken in a manner consistent with their development objectives and priorities established in their national plans, and in accordance with their national legislation. Foreign private investors in developing countries should endeavour to provide for an increase in the local share in management and administration, employment and training of local labour, including personnel at the managerial and technical levels, participation of local capital and reinvestment of profits.

65. A code of conduct for transnational corporations should be formulated, adopted and implemented during the remainder of the Decade.

66. The Governments of developed countries should ensure that both private capital flows and aid flows are consistent with the development objectives and priorities of the recipient countries. Developed countries should assume responsibility of over-all surveillance of private flows to developing countries, particularly in cases in which private capital flows are guaranteed by public institutions in developed countries.

67. Specific measures will be taken urgently to:

(a) Increase the access of developing countries to the capital markets of the developed countries on a preferential basis;

(b) To exempt developing countries from all controls on capital flows imposed by developed countries;

(c) To subsidize the heavy burden of interest and other charges that are entailed in the provision of capital to developing countries;

(d) To set up the "third window" of the World Bank to provide loans from additional resources other than the normal financial replenishment of this institution, at a lower rate of interest than the IBRD's normal interest rates.

68. Each economically advanced country should implement at an accelerated pace its commitment to transfer to developing countries financial resources of a

minimum net amount of 1 per cent of its gross national product at market prices. Those developed countries which have already met this target will endeavour to ensure that their net resource transfers are maintained and envisage, if possible, an increase in them. The minimum net amount of 1 per cent of financial flows to developing countries should be calculated taking fully into account all reverse flows from developing countries, including interest payments, amortization and profit remittances.

69. Renewed emphasis should be placed on the achievement of the ODA target of a minimum of 0.7 per cent of GNP at market prices, which should be achieved by all economically advanced countries by 1978. The ODA target should be measured net of reverse flows on account of interest amortization. All economically advanced countries should endeavour to increase the flows of ODA, to exceed this target by the end of the decade.

70. Developed countries members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development will ensure that the norms set out in the supplement to the 1965 recommendation on financial terms and conditions adopted by the Development Assistance Committee on 12 February 1969, designed to soften and harmonize the terms and conditions of assistance to developing countries are fully implemented. Developed countries will take measures aimed at the further softening of the terms and will endeavour to arrive at a more precise assessment of the circumstances of the individual developing countries and at a greater harmonization of terms given by individual developed countries to individual developing countries. Developed countries will ensure, in the further evolution of their assistance policy and with a view to attaining concrete and substantive results by the end of the Decade, the specific suggestions contained in decision 29 (II) of the United Nations Conference on Trade and Development and made in other international forums for further softening of the terms and conditions of aid.

71. In the light of the relevant decision of the Conference at its second session, financial assistance will, in principle, be untied. While it may not be possible to untie assistance in all cases, developed countries will rapidly and progressively take what measures they can in this respect both to reduce the extent of tying of assistance and to mitigate any harmful effects. Where loans are tied essentially to particular sources, developed countries will give preferential treatment to developing countries for the procurement of equipment, goods and technical assistance services that are financed by official development assistance flows. Official development assistance flows to least developed countries should be in the form of untied grants.

72. Financial and technical assistance should be aimed exclusively at promoting the economic and social progress of developing countries and should not in any way be used by the developed countries to the detriment of the national sovereignty of recipient countries.

73. Developed countries will provide an increased flow of aid on a long-term and continuing basis. They will simplify the procedures for the granting and the effective and expeditious disbursement of aid.

74. As large a proportion of financial flows as possible should be given in the form of programme assistance as against project assistance. Such assistance should be in conformity with the development objectives as determined by developing countries themselves.

75. To the greatest extent possible resources available in developing countries themselves will be used in implementing assistance programmes. Such assistance should cover also local cost expenditures.

76. In order that the serious and persistent difficulties of the developing countries most seriously affected, as defined in General Assembly resolution 3202 (S-VI), may be mitigated urgently, industrialized countries and other potential contributors should make substantial and adequate contributions to the United Nations Special Fund to meet their needs for emergency and development assistance.

77. Arrangements for forecasting, and if possible, forestalling debt crises will be improved. Developed countries will help in preventing such crises by providing assistance on appropriate terms and conditions, and developing countries by undertaking sound policies of debt management. Urgent measures should be taken to mitigate adverse consequences for the current and future development of developing countries arising from the burden of total external debt. Debt renegotiations should be undertaken on a case-by-case basis with a view to concluding agreements on debt cancellation, moratorium, rescheduling and interest subsidization, and the ratio between export earnings and debt servicing of developing countries should be reduced to a considerable extent. The terms and conditions of debt renegotiation should be such as to ensure continuity in development plans.

78. With regard to the policies in developed countries affecting flows to developing countries, particular attention should be given to measures designed to direct a part of funds now available in national and international markets to developing countries. Appropriate measures in this regard would be the provision of multilateral or national guarantees on debt floated by developing countries in national and international capital markets.

79. (a) The volume of resources made available through multilateral institutions for financial and technical assistance will be increased to the fullest extent possible and techniques will be evolved to enable them to fulfil their role in the most effective manner;

(b) International financing institutions should effectively play their role as development financing banks without discrimination on account of the political or economic system of any member country, assistance being untied;

(c) International financial institutions should take into account the special situation of each developing country in reorienting its lending policies to suit these urgent needs; there is also need for improvement in practices of international financial institutions in regard to, inter alia, development financing and international monetary problems.

80. In the context of the search for appropriate means for dealing with the problem of disruption of development arising from adverse movements in the export proceeds of developing countries, the International Bank for Reconstruction and Development is requested to pursue its efforts at working out a scheme of supplementary financing. The Bank is invited to give further consideration to the adoption of supplementary financial measures at the earliest practicable opportunity.

81. In view of the acute shortage of liquidity suffered by developing countries, additional and more generous allocations of SDRs should be made, and the terms of allocations should be altered in a manner preferential to developing countries.

82. A decision should be taken on the immediate establishment of a link between the creation of international liquidity and the provision of additional development finance. Other new measures should be evolved for providing an automatic basis for the flow of financial resources to the developing countries.

B. Reform of the international monetary system

83. The following principles and measures must be integrated in the over-all reform of the international monetary system:

(a) Measures to check the inflation of prices and deflation of output in the developed countries and to prevent their adverse impact on the developing countries; in order to avoid a negative impact on the economies of developing countries and their balance of payments, developed countries must not have recourse to escalation of trade restrictions and discriminatory trade arrangements as a means of maintaining internal balance in their domestic economies. A comprehensive scheme within the International Monetary Fund (IMF) should be developed to make good the sharp deterioration in the balance of payments of developing countries resulting from the current recession in developed countries;

(b) Measures to eliminate the instability of the international monetary system, particularly the uncertainty of the exchange rates especially as it adversely affects the trade of the developing countries;

(c) Maintenance of the real value of the currency reserves of the developing countries by preventing their erosion due to inflation of prices and exchange rate depreciation of reserve currencies; mechanisms for compensation to the developing countries where such losses are incurred should be developed;

(d) Adequate, orderly and internationally agreed creation of additional international liquidity, through allocation of SDRs. The volume of SDR creation should be based on the liquidity needs of the world economy taking into account the distribution of existing liquidity, and in particular the shortage of reserves of developing countries and the need for favourable terms and conditions for those countries;

(e) The establishment of the SDR as the principal reserve assets, with the role of gold and reserve currencies being reduced. No steps should be taken regarding gold which would conflict with this central objective, nor which would further accentuate the imbalance in the distribution of international liquidity;

(f) The establishment of mechanisms within the international monetary system to generate additional transfer of real resources from developed to developing countries, in particular an immediate decision to establish a link between the creation of SDRs and the provision of additional finance for development. Other new measures for providing a more automatic and stable basis for the flow of financial resources should be evolved;

(g) Review of the methods of operation of the IMF, in particular the terms for both credit repayments and "stand-by" arrangements, the system of compensatory financing, and the terms of financing commodity buffer stocks, so as to enable the developing countries to make greater and more effective use of them;

(h) Full and effective participation by developing countries in all phases of decision-making on international monetary questions, comprising changes in the relevant provisions of the IMF as regards voting, representation on the Executive Board and the composition of the proposed Council of Governors; decisions affecting the international monetary system should not be taken outside the United Nations system and in particular, the IMF.

#### INVISIBLES INCLUDING SHIPPING

84. The objective is to promote, by national and international action, the earnings of developing countries from invisible trade, including shipping, in order to increase the profitability of their trade and improve their balances of payment on a permanent basis. In accordance with this objective Governments and international organizations where necessary by appropriately involving conferences, shippers' councils and other relevant bodies, should take action to:

(a) Ratify, or accede to, the Convention on a Code of Conduct for Liner Conferences without delay in order to ensure its early entry into force and the world-wide application of its provisions;

(b) Ensure, in order that developing countries may have an increasing and substantial participation in the carriage of maritime cargoes, both liner and non-liner, generated by their overseas trade and in third country or "cross" trades, that developing countries are not hindered in the development and expansion of their merchant marines by the cost or inadequacy of credit and to take such steps as may be needed to implement paragraph 3 of UNCTAD resolution 70 (III);

(c) Encourage and facilitate the development and improvement of port facilities of developing countries in order to reduce maritime transport costs by reducing cargo handling costs and speeding the turn-around in ports;

(d) Give every encouragement including the provision of financial and technical assistance to the training of sea-going and shore personnel for shipping enterprises of developing countries, of personnel for shippers' councils, shipping investigation units and of the various types of personnel needed for the efficient management and operation of ports;

(e) Provide developing countries, through bilateral and multilateral channels, upon their request and within the framework of their over-all development priorities, with technical and financial assistance to realize the objective set out in this field through the measures proposed.

85. Developing countries should establish shippers' councils, freight booking centres and freight study units in order to strengthen their bargaining position with the shipping lines serving their foreign trade.

86. The study and evaluation of the Convention on a Code of Conduct for Liner Conferences, including questions relating to the cost of shipping, the level and structure of freight rates, the maintenance of adequate maritime services and all other related questions should continue to be the object of study within the framework of UNCTAD. Additional measures to attain the objectives set out in this field should be considered within the work programme of the permanent machinery of the Conference.

87. Reduction in the cost of insurance and reinsurance for developing countries, especially the foreign exchange will be brought about by appropriate measures.

88. Developing countries should continue their efforts to develop their national insurance markets, in order to reduce insurance and reinsurance costs to the minimum. With this purpose in mind, developing countries should take necessary measures to create, wherever necessary, national or regional insurance and reinsurance establishments and to regulate insurance operations concluded in their territory, by setting up adequate systems of insurance control.

89. Technical reserves and guarantee deposits of companies and insurance and reinsurance institutions should be invested in countries where the revenues of the premiums are collected.

90. Regional and subregional co-operation should also be promoted with a view to achieving the above objectives, namely through the establishment of regional reinsurance institutions or other mechanisms allowing for an increased exchange of insurance business among the developing countries concerned.

91. Developed and developing countries and the competent international organizations should take co-ordinated action in the following areas of tourism of particular importance to developing countries:

(a) Encouragement of travel from developed to developing countries by such means as: relaxation and non-imposition of foreign exchange restrictions on travel abroad; granting duty-free entry, within the context of liberal tourist exemptions, for handicrafts and other traditional goods which are locally produced acquired by their residents in the course of tourist travel abroad; and facilitating the promotion of publicity campaigns;

(b) Provision of appropriate technical and financial assistance to developing countries, taking into account the need for promoting tourism within the over-all



context of both established project criteria and national development plans and programmes, including:

(i) Credits on easy terms and grants, particularly for tourist facilities and for building the infrastructure vital to the development of tourism;

(ii) Training of personnel needed for the development of tourism and for the operation and management of the tourism industry in developing countries;

(c) Examination within recognized fields of competence and, where appropriate, revision of the air fare structure in a manner that will take due account of the interest of developing countries in the growth of tourist traffic, especially to developing countries, and of the need to ensure an adequate yield to airlines.

92. Governments of developing countries should co-operate in drawing up long-term plans for the development of tourism at the regional and/or subregional levels.

93. Governments of developing countries should take appropriate measures for encouraging tourism flow among themselves.

#### SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

94. While it is the objective of the Decade to achieve the rapid economic and social progress of all developing countries, special measures will be taken to enable the least developed among them to overcome their particular disabilities. Every possible effort will be made to ensure the sustained economic and social progress of these countries and to enhance their capacity to benefit fully and equitably from the policy measures for the Decade. Wherever necessary, supplementary measures will be devised and implemented at the national, subregional, regional and international levels. Organizations and bodies of the United Nations system will intensify programmes to alleviate the critical development problems of the least developed among the developing countries; developed countries will assist in the implementation of these programmes.

95. Concerted efforts will be made by developed countries and international organizations through their programmes of technical assistance and through financial aid, including grants and/or exceptionally soft loans, to meet the needs of the least developed among the developing countries and designed to enhance their absorptive capacity. In particular, attention will be paid to overcoming their problem of the scarcity of indigenous technical and managerial cadres, to building economic and social infrastructure, to the exploitation by these countries of their natural resources and to assisting them in the task of formulating and implementing national development plans.

96. Special emphasis should be laid on the need of the least developed countries for the establishment of production facilities involving a maximum utilization of

local human resources, the output of which meets identified material and social requirements, thus assuring a convergence between local resource use and needs as well as offering adequate employment opportunities.

97. Special measures in favour of the least developed countries will be intensified and enlarged by national and international organizations to improve their capacity to expand and diversify their production structure so as to enable them to participate fully in international trade. Moreover, in the field of primary commodities, special consideration will be given to commodities of interest to these countries and, in concluding commodity agreements, the interest of these countries will receive due attention. In the field of manufactures and semi-manufactures, measures in favour of developing countries will be so devised as to allow the least developed among developing countries to be in a position to derive equitable benefits from such measures. Particular consideration will be given to the question of including in the general system of preferences products of export interest to these countries. Special attention will also be paid by developed countries and international organizations to the need of these countries to improve the quality of their production for export as well as of marketing techniques in order to enhance their competitive position in world markets. These countries, in co-operation with other developing countries, will intensify their efforts for subregional and regional co-operation, and the developed countries will facilitate their task through technical assistance and favourable financial and trade policy measures.

98. Specific measures will be taken in favour of the least developed countries during the multilateral trade negotiations.

#### SPECIAL MEASURES IN FAVOUR OF THE LAND-LOCKED AND ISLAND DEVELOPING COUNTRIES

99. National and international financial institutions will accord special attention to the special needs of land-locked and island developing countries in extending adequate financial and technical assistance to projects designed for the development and improvement of the transport and communications infrastructure needed by these countries, in particular of the transport modes and facilities most convenient to them and mutually acceptable to all countries concerned. All States are invited to become parties to the Convention on Transit Trade of Land-locked States of 8 July 1965 which have not already done so, will investigate the possibility of ratifying or acceding to it at the earliest possible date. Implementation of measures designed to assist the land-locked and island developing countries in overcoming the handicaps of their geographically disadvantaged positions should take into account the relevant decisions and resolutions which have been or may be adopted in the General Assembly, in the United Nations Conference on Trade and Development and in other relevant bodies.

## SCIENCE AND TECHNOLOGY

100. Concerted efforts will be made by developing countries, with adequate assistance and full co-operation from the rest of the world community, to expand their capability to apply selectively, as well as to develop, science and technology in a manner capable of generating a self-sustaining process of development and of supporting and enhancing the fulfilment of their national development plans and priorities.

101. Developing countries will continue to increase their expenditure on science and technology infrastructure, as well as research and development, and will endeavour to attain, by the end of the Decade, a level equal to 1 per cent of their gross national product, giving balanced attention to both science and technology infrastructure and to research and development. The effort of the developing countries will be oriented to the development of technologies that are suited to their conditions and requirements, including scientific and technological manpower, through, inter alia, national institutions or other appropriate machinery. Efforts will be made to promote scientific and technological co-operation among developing countries and, where appropriate, to pool available resources.

102. Within the framework of their financial and technical assistance programmes, developed countries will continue to increase their assistance for the direct support of science and technology programmes of developing countries in order to reach, as soon as possible before the end of the Decade, a level equal to 0.05 per cent of the gross national product of the developed countries. The assistance and investment policies of developed countries must be such that the selected technologies are fully compatible with the conditions and requirements of the developing countries as identified by them, and so designed as to enable them to reach more rapid technological self-reliance.

103. Moreover, developed countries will devote an increasing proportion of their research and development expenditure to specific problems of primary interest to developing countries. To this end, developed countries should develop or further refine their national data systems for scientific and technological activities so as to establish the relevance of their projects in the field of science and technology to the specific problems of developing countries. This would facilitate the establishment at the next biennial review of a quantitative target on research and development expenditures of these countries, earmarked for the specific problems of developing countries, independently of the above target on financial transfers and assistance from the developed to the developing countries. In co-operation with the developing countries, developed countries will continue to explore the possibility of locating some of their research and development projects in developing countries. Private foundations, institutions and organizations will be encouraged to provide further assistance for expanding and diversifying research activities of benefit to developing countries.

104. The developing countries should be granted access to technological know-how and advanced technology, whether patented or not, under fair and equitable conditions, taking into account the specific development requirements of the recipient countries and their need to increase the technological content of their production.

105. Urgent priority needs to be given to the formulation and adoption and implementation of a legally binding code of conduct on the transfer of technology from developed countries to developing countries. Thus the work of UNCTAD in this area already initiated should be completed in 1976 and necessary action taken to adopt the code early in 1977. The code should, above all, make it possible for developing countries to acquire technology for development at terms and conditions consistent with their development objectives and in keeping with the availability of their own indigenous resources. Developed countries should commence to take the necessary domestic legislative and other measures to ensure that the code is immediately applicable and should take urgent measures to adapt commercial practices governing transfer of technology and the requirements of development of the developing countries. In addition, corresponding trade, monetary and financial measures should be taken by developed countries to ensure the implementation of the objectives to be attained by the code. The particular need to control transnational corporation practices in technology should be borne in mind throughout.

106. In order to facilitate the transfer and diffusion of knowledge and technology, the international patent system should be urgently revised in order to enable developing countries to participate and fully benefit from the world's knowledge and technology for their development. The work of UNCTAD, UNIDO and the World Intellectual Property Organization (WIPO) in this regard needs to be given an urgent priority.

107. Recognizing the role of information systems in the development and transfer of technology, developed countries and international institutions should take urgent measures to ensure that information is readily and freely available to developing countries to develop their own technological capabilities, to benefit from technological transfers to them. Such information systems should clearly be geared to assisting in the solution of specific development problems using the resources that are indigenously available to developing countries.

108. Appropriate measures, including consideration of the establishment of an industrial technological information bank, should be taken to make available to the developing countries a greater flow of information permitting the proper selection of advanced technology.

109. Developed countries should take specific measures to assist developing countries in the establishment and development of their scientific and technological infrastructure by providing adequate means for that purpose. Developed countries should utilize in their programmes of assistance achievements and expertise already developed or successfully employed in developing countries.

## HUMAN DEVELOPMENT

110. The principal aim of socio-economic and cultural development of which population goals and policies are integral parts is to improve levels of living and the quality of life of the people. Population and development are interrelated: population variables influence development variables and are also influenced by them.

111. The population policy of every State is an organic component of its over-all policy of economic and social development and the formulation of this policy depending on the concrete historical, political, economic and social situation is an indivisible and inalienable attribute of the sovereignty of States.

112. The international community should implement the recommendations for action and the decisions of the World Population Plan of Action. In this context special attention should be given to measures in the following areas:

(a) Those developing countries which consider that their rate of population growth hampers their development will adopt measures which they deem necessary in accordance with their concept of development. Developed countries, consistent with their national policies, will upon request provide support through the supply of means for family planning and further research. International organizations concerned will continue to provide the assistance that may be requested by interested Governments. Such support or assistance will not be a substitute for other forms of development assistance;

(b) Countries which consider that their present or expected rates of population growth hamper their goals of promoting human welfare are invited, if they have not already done so, to consider adopting population policies, within the framework of socio-economic development, which are consistent with basic human rights and national goals and values;

(c) Countries aiming at achieving moderate or low population growth should try to achieve it through a low level of birth- and death-rates. Countries wishing to increase their rate of population growth should, when mortality is high, concentrate efforts on the reduction of mortality, and where appropriate, encourage an increase in fertility and encourage immigration;

(d) Recognizing that per capita use of world resources is much higher in the developed than in the developing countries, the developed countries are urged to adopt appropriate policies in population, consumption and investment, bearing in mind the need for fundamental improvement in international equity;

(e) The reduction of morbidity and mortality to the maximum feasible extent is a major goal of every human society. It should be achieved in conjunction with massive social and economic development. Where mortality and morbidity rates are very high, concentrated national and international efforts should be applied to reduce them as a matter of highest priority in the context of societal change;

(f) Countries with the highest mortality levels should aim by 1985 to have an expectation of life at birth of at least 50 years and an infant mortality rate of less than 120 per thousand live births;

(g) Policies aimed at influencing population flows into urban areas should be co-ordinated with policies relating to the absorptive capacity of urban centres, as well as policies aimed at eliminating the undesirable consequences of excessive migration. In so far as possible, these policies should be integrated in plans and programmes dealing with over-all social and economic development;

(h) In rural areas and areas accessible to rural populations, new employment opportunities, including industries and public works programmes, should be created, systems of land tenure should be improved and social services and amenities provided. International organizations should make available upon request co-ordinated technical and financial assistance to facilitate the settlement of people;

(i) Countries that are concerned with the outflow of migrant workers should make particular efforts to create favourable employment opportunities at the national level. Countries receiving migrant workers should provide treatment and social welfare services for them and their families equal to that granted to their own citizens, and should ensure their physical safety and security, in conformity with the provisions of the relevant International Labour Organisation (ILO) conventions and recommendations and other international instruments. In the treatment of migrant workers Governments of receiving developed countries should prevent discrimination in the labour market and in society through lower salaries or other unequal conditions. Governments of receiving developed countries should not apply any discriminatory measures against foreign migrant workers in times of economic instability. They should also give the migrant workers opportunities of training and promotion equal to those of their nationals.

(j) Since the outflow of qualified personnel from developing to developed countries seriously hampers the development of the former, there is an urgent need to formulate national and international policies to avoid the "brain drain" and to obviate its adverse effects.

113. Developing countries will continue to make vigorous efforts to improve labour force statistics in order to be able to formulate realistic quantitative targets of employment. They will scrutinize their fiscal, monetary, trade and other policies with a view to promoting both employment and growth. Moreover, for achieving these objectives they will expand their investment through a fuller mobilization of domestic resources and an increased flow of assistance from abroad. Progress for increasing employment and incomes will aim at improving the access of peasants, craftsmen and other low-income earners to land, capital, education and technical knowledge. They will include rural and other public works programmes that will harness unemployed and underemployed labour and will also include emergency employment creating programmes in areas most seriously affected by unemployment.

114. Developed countries will assist the implementation of the policies of developing countries in this area, by maintaining high and rising levels of over-all demand; by opening their markets to products made in developing countries; by making this possible through schemes of internal adjustment assistance on a

national or regional basis to those who might be displaced as a result of increased imports; by contributing to programmes of research and development for the creation of technology suitable for the particular conditions of developing countries; by encouraging industries heavily dependent on migrant labour from developing countries to move to those countries.

115. Developed countries and international organizations will assist developing countries in attaining their objectives for increasing employment and incomes by providing financial support for special programmes to this end and by greater concentration of technical co-operation projects to raise their technological levels.

116. Developing countries will continue formulating and implementing educational programmes taking into account their development needs. Educational and training programmes will be so designed as to increase productivity substantially and to reduce waste. Particular emphasis will be placed on teacher-training programmes and on the development of curriculum materials to be used by teachers. New approaches will be initiated in order to ensure at all levels expansion of skills in line with the rising tempo of activities and the accelerating transformations brought about by technological progress. Technical and scientific education will be expanded. Increasing use will be made of modern equipment, mass media and new teaching methods to improve the efficiency of education. Particular attention will be devoted to technical training, vocational training and retraining. Necessary facilities will be provided for improving the literacy and technical competence of groups that are already productively engaged as well as for adult education ensuring equal access for those employed in rural areas and small-scale occupations generally. Developed countries and international institutions will assist in the task of extending and improving the systems of education of developing countries, especially by making available some of the educational inputs in short supply in many developing countries or too expensive and by providing assistance, upon request, to facilitate the flow of pedagogic resources among them. They will assist in establishing and expanding institutes designed to tackle problems of particular concern to the developing countries as well as scientific, technological and training institutions. Developing countries will expand their technical co-operation in the field of education through, inter alia, the exchange of teachers and students.

117. Developing countries will establish at least a minimum programme for the delivery of health care, including the necessary infrastructure for health services, training, research and development, to serve a specified proportion of their population by the end of the Decade. Emphasis will be placed on underserved groups, especially in rural and periurban areas. Innovative approaches to make such services suited to local conditions and available to all sectors of the community will be adopted. In particular, consideration will be given to the development of primary health care supported by adequate national health services and based on community participation and the application of simplified technology. These services will include, in accordance with national policies, preventive, curative, promotive and rehabilitative components and comprise maternal and child health care, family planning as appropriate, nutrition and health education.

Each developing country will endeavour to provide an adequate supply of safe water to a specified proportion of its population, both urban and rural, with a view to reaching a minimum target by the end of the Decade. Developing countries will establish their own health priorities and plans as an integral part of their economic and social development. Developed countries and international organizations will assist developing countries in the formulation and implementation of such plans, as requested, including research, training of personnel at all levels and supply of equipment and medicines. A concerted international effort will be made to eradicate or control, as technically appropriate, by the end of the Decade, from as many countries as possible, one or more diseases that still seriously afflict people in many lands.

118. Developing countries will continue their efforts towards meeting their nutritional requirements through their agricultural and health programmes. Financial and technical assistance including assistance for genetic research will be extended to developing countries by developed countries and international institutions.

119. Developing countries are urged, when formulating their development programmes and policies, to take fully into account the implications of changing numbers and proportions of youth, working-age groups and the aged, particularly where the changes are rapid. Efforts should also be made to involve children and youth in the development process and to ensure that their needs are met in an integrated manner.

120. All countries will endeavour to provide improved and adequate housing and related community facilities in both urban and rural areas, especially the low-income groups. Particular effort will be made to expand low-cost housing through both public and private programmes and on a self-help basis, and also through co-operatives, utilizing as much as possible local materials and labour intensive techniques. International assistance will be provided for this purpose.

121. The protection, preservation and enhancement of the environment for the present and future generations is the responsibility of all States. All States shall endeavour to establish their own environmental and developmental policies in conformity with such responsibility. The environmental policies of all States should enhance and not adversely affect the present and future developmental potential of developing countries. All States have the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction. All States should co-operate in evolving international norms and regulations in the field of the environment.

122. Governments will intensify national and international efforts to arrest the deterioration of the environment, and refrain from damaging natural resources and food resources, especially those derived from the sea, by preventing pollution. Governments shall also take steps to protect and reconstitute those resources, by promoting activities that will help to maintain the ecological balance.



## EXPANSION AND DIVERSIFICATION OF PRODUCTION

123. Developing countries will take steps to augment production and improve productivity in order to provide goods and services necessary for raising levels of living and improving economic viability. While this will be primarily their own responsibility, production policies will be carried out in a global context designed to achieve optimum utilization of world resources, benefiting both developed and developing countries. Further research will be undertaken, by the international organizations concerned, to assist individual countries or groups of countries in their choice of production and trading structures. Depending on the social and economic structure and particular characteristics of individual countries, consideration will be given the role which the public sector and co-operatives might play in augmenting production.

124. Free and effective exercise by developing countries of permanent sovereignty over their natural resources and economic activities will play an important role in the achievement of the goals and objectives of the Second United Nations Development Decade. Developing countries will take steps to develop full potential of their natural resources. Concerted efforts will be made to defeat attempts to prevent the free and effective exercise of the rights of every State to full and permanent sovereignty over its natural resources. Competent agencies of the United Nations system will assist developing countries, at their request, in connexion with the operation of nationalized means of production.

### A. Agricultural production and food security

125. Governments of developing countries should accord high priority to agricultural development so as to achieve a minimum annual rate of growth in agricultural production of 4 per cent during the second half of the Second Development Decade. They should formulate food production and food utilization objectives, targets, and policies for the short, medium and long term. They should, as appropriate, take measures for agrarian reform and progressive change in the socio-economic structures and relationships in rural areas. Further, they should develop adequate supporting services for agricultural development.

126. All Governments able to furnish external assistance should substantially increase their official development assistance to agriculture in developing countries, including capital assistance on soft terms, technical assistance, transfer of appropriate technology and programme loans for imports of essential inputs. Governments should make arrangements whereby developing countries will have access to inputs such as fertilizer, pesticides, agricultural machinery and equipment in sufficient quantity and at reasonable prices.

127. The developed countries concerned should adopt and implement agricultural policies which encourage the early expansion of food production; while taking into account a reasonable level of income for producers and world food requirements and the need to maintain reasonable prices for consumers, such policies should not impede or delay the increase in food production by developing countries, both for domestic consumption and for export.

128. The international organizations concerned should, through modification of their existing policies and criteria as appropriate, substantially increase their assistance for agricultural production in developing countries and should simplify and streamline the procedures for the granting of such assistance.

129. Developed countries should facilitate the expansion of food and agricultural imports from developing countries in competition with domestic production through, inter alia, the elimination of restrictive measures applied to such imports, thus providing developing countries a fair and reasonable opportunity to increase their export earnings so as to allow them to plan their production and exports on a forward basis.

130. The international community should undertake concrete and speedy measures with a view to arresting desertification, salination and damage by locusts or any other similar phenomenon involving developing countries, particularly in Africa, and gravely affecting their agricultural production capacity. The international community should also assist the developing countries affected by such phenomena to develop the affected zones with a view to contributing to the solution of their food problems.

131. Developing countries which have vast potentialities of unexploited or underexploited land should be assisted in order to put such potentialities into practical use, in accordance with their plans and priorities, so as to contribute to the solution of the food crisis.

132. Developed countries and international organizations should extend assistance in the form of grants and concessional loans to enable developing countries to import urgently needed fertilizers and raw materials. They should provide financial assistance, technical assistance, technology and equipment on favourable terms to build required additional fertilizer production capacities in those developing countries that possess oil and natural gas, phosphate rock and/or other natural resources such as coal, and in other developing countries where specific local factors justify such investments. All developing countries should be assisted to create and develop their storage facilities, distribution services and other related infrastructures.

133. Governments of all major food, primarily cereals, producing, consuming and trading countries should accelerate the implementation of the principles contained in the International Undertaking on World Food Security. Food reserves should be built up at all levels, local, national, regional and global.

134. Governments and the concerned international and regional organizations should provide the necessary technical, financial and food assistance in the form of grants or on specially favourable terms to develop and implement appropriate national food stocks policies in developing countries, including the extension of storage and transport facilities, within the priorities of their national development programmes, so that they are in a position to participate effectively in a world food security policy.

135. All donor countries should accept and implement the concept of forward planning of food aid, should make every effort to provide commodities and/or financial assistance that will ensure in physical terms at least 10 million tons of grains as food aid per year, and should also provide adequate quantities of other food commodities. Governments, whenever possible, should earmark stocks or funds for meeting international emergency requirements, as envisaged in the International Undertaking on World Food Security.

#### B. Industrialization

136. New orientations are necessary in policies and policy measures to transform the economies of developing countries away from dependence on commodities and towards industrialization within the framework of a new international economic structure. New goals for the industrialization of developing countries will be directed to increasing their share in world industrial production and expanding their foreign exchange earnings as well as to meeting the basic needs of their domestic population for manufactured goods and solving the problem of unemployment. Such goals will require not only measures in the field of international trade but also specific measures to be taken in order to assist developing countries in accelerating the creation of adequate industrial infrastructure and production facilities with the aim of ensuring a rate of industrial growth in developing countries considerably higher than 8 per cent per annum.

137. Developed countries will encourage enterprises and investors to participate in financing industrial production projects, particularly export-oriented production, in developing countries, in agreement with the latter and within the framework of their developments plans and programmes, and in accordance with their laws and regulations.

138. Developed countries will facilitate development of new policies and strengthen existing policies, which would encourage their industries which are less competitive internationally to move progressively into more viable lines of production or into other sectors of the economy, thus leading to structural adjustments within the developed countries, and redeployment of the productive capacities of such industries to developing countries and promotion of a higher degree of utilization of natural and human resources in the latter.

139. Developed countries will review their policies with respect to processed and semi-processed forms of raw materials, in order to contribute to setting up or expanding industrial capacities of developing countries for processing the raw materials they export.

140. Developed countries will adopt and implement appropriate measures for promoting the use of natural raw materials which are in direct competition with synthetic substitutes and for assisting the developing countries in raising production of such natural raw materials and improving their competitiveness in relation to synthetic substitutes.

141. Developed countries will respond favourably to the requests of developing countries for the official aid in the financing of industrial projects.
142. Developed countries will increase financial contributions to international organizations and to government or credit institutions in the developing countries in order to facilitate the promotion or financing of industrial development. Such contributions will be completely free of any kind of political conditions and will involve no economic conditions other than those normally imposed on borrowers.
143. Developed countries will expand technical assistance programmes for the benefit of the developing countries, in accordance with the priorities and forms of assistance specified by them. Such assistance should be integrated and co-ordinated with the long-term programmes of individual developing countries. The continuance and maintenance of such assistance should be ensured for the fulfilment and functioning of the projects.
144. Consultations, between developed and developing countries, should lead to the redeployment of certain productive capacities existing in developed countries and the creation of new industrial facilities in developing countries. These consultations should in particular relate to industries processing raw materials exported by developing countries.
145. International subcontracting arrangements should be encouraged between developing and developed countries. Such arrangements should be made within the framework of the plans and priorities of developing countries, and should not result in their being assigned the least advanced and least remunerative branches of industry.
146. Developed and developing countries will support initiatives in the regional, subregional and interregional co-operation of developing countries in the industrial field particularly through the extension of financial and technical assistance.
147. Developed and developing countries should further co-operate, in addition to co-operation in existing forms, particularly through the investment of financial resources of the developed countries and developing countries in a position to do so in production enterprises in developing countries, including the supply of technology and equipment by the developed countries and the developing countries in a position to do so.
148. In the developing countries, national industrialization policies will lay emphasis on the following elements:
- (a) The formulation of long-term and clearly defined industrialization plans and strategies which rest, in the first place, on national effort and the introduction of concrete measures and institutional machinery for their execution, continuous appraisal and, if necessary, adjustment. Appropriate attention should be given to the development of the public sector;

(b) The equitable distribution of the benefits of industrialization among all sectors of the population, taking into account the need to eliminate unemployment, particularly among young people;

(c) Industrial development which permits such growth as is required for economic development and is also a powerful factor for the promotion of technological development and growth in other sectors;

(d) The promotion of an integrated industrialization process based on the potential of each country, with the object of achieving the highest degree of interaction between industry and other sectors of the economy, in particular, agriculture;

(e) The establishment of production facilities covering all branches of industry aimed at meeting the needs of both internal and external markets in particular through:

(i) The establishment of basic industries such as steel metallurgical and petro-chemical industries that constitute the indispensable basis for any industrialization;

(ii) The establishment of integral industries such as mechanical engineering, electrical and chemical industries to provide the necessary link between the different industrial sectors and to give the developing countries the basis on which the building up of technology will principally rely;

(iii) The creation of manufacturing semi-manufacturing and processing industries including small, medium-scale rural and labour intensive industries, to satisfy the needs of the population for consumer goods and to rapidly develop local production for the purpose of replacing imports and increasing exports;

(f) Achievement of a higher degree of efficiency in import substitution processes and the formulation of appropriate incentive measures to encourage the export of manufactured and semi-manufactured products with the highest possible local content and maximum value added from the developing countries;

(g) Development and strengthening of public, financial and other institutions to facilitate adequate domestic savings and stimulate industrial development of the developing countries;

(h) The intensification of manpower development programmes and the professional training of management staff, including adequate representation of women, in order to achieve the fullest possible use of available human resources with particular reference to industrial management. In this context measures should be adopted to attenuate the problem of the exodus of engineering, scientific and research personnel from the developing countries;

(i) Ensuring an adequate role for the State in the direction of industrial development and the public sector in the expansion of industries;

(j) The establishment and strengthening of machinery and institutions to regulate and supervise foreign investment and the conditions of the transfer of technology.

149. A system of consultations should be established in UNIDO and other appropriate international bodies between developed and developing countries, in order to facilitate the achievement of the goals set forth in the field of industrialization.

150. All United Nations organs, international financial institutions and intergovernmental organizations will take in their respective fields of competence appropriate measures to encourage the industrialization of the developing countries, and, to this end:

(a) They will contribute to and encourage the setting up of new industrial capacities in the developing countries including raw materials and commodity and transforming facilities in the developing countries that produce those raw materials and commodities;

(b) They will increase their technical assistance to developing countries to help them set up and implement their industrial projects;

(c) They will encourage technical co-operation between developed and developing countries as well as between developing countries themselves;

(d) International financial institutions will respond favourably to the requests of developing countries for the financing of industrial projects.

#### RESOURCES OF THE SEA-BED

151. The sea-bed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction and sovereignty, as well as the resources of the area, being the common heritage of mankind, shall be managed under an international régime including appropriate international machinery for the benefit of mankind as a whole, irrespective of the geographical location of States, whether land-locked or coastal, and taking into particular consideration present and future interests and needs of the developing countries. In particular, the mineral resources with which the area is endowed shall be exploited under arrangements which form an integral component of an over-all strategy for development; which are designed to contribute to a reduction of the disparity in levels of living between the developed technologically advanced and the developing parts of the world; and which are consistent with the objectives of an international commodity policy for sustaining the prices of commodities of export interest to the developing countries at remunerative, equitable and stable levels. These arrangements should ensure that the future exploitation of the resources of the

sea-bed would not damage the interests of the developing countries which produce these minerals. Exploitation of the resources of the area should not take place until an international régime and appropriate machinery have been agreed upon.

#### PLAN FORMULATION AND IMPLEMENTATION

152. Developing countries will, as appropriate, establish or strengthen their planning mechanisms, including statistical services, for formulating and implementing their national development plans during the Decade. Every effort will be made to ensure the active support and participation of all segments of the population in the development process. They will pay special attention to increasing the managerial capabilities of their public administration and finance systems and for this purpose they should take specific steps such as:

(a) Relating public administration and finance improvement measures directly to requirements of national development plans and programmes;

(b) Ensuring adequate supply of trained personnel, especially managerial, scientific and technical, for the administration of development by formulating and implementing government-wide policies for personnel administration, employment and manpower planning, education, training and research in public administration and finance;

(c) Developing research for improving budgetary and financial systems and auditing for effective plan implementation and evaluation;

(d) Rationalizing and adjusting, where appropriate, tax administration to changes in tax policy and tax structures in accordance with national objectives;

(e) Establishing new financial institutions as required for promoting their national goals and objectives;

(f) Forecasting medium- and long-term requirements in the field of public administration and finance and formulating necessary measures for their realization.

153. In order to advance the implementation of these measures, international organizations, and, in particular, UNDP, should support projects submitted to them in the field of public administration and finance at national, regional and interregional levels, and to measures for development and dissemination of information on critical problems of public administration and finance in developing countries.

#### REVIEW AND APPRAISAL OF BOTH OBJECTIVES AND POLICIES

154. Appropriate arrangements are necessary to keep under systematic scrutiny the progress towards achieving the goals and objectives of the Decade - to identify shortfalls in their achievement and the factors which account for them and to recommend positive measures, including new goals and policies as needed.

Such reviews and appraisals will be carried out at various levels, involving both developing and developed countries, keeping in view the need for streamlining the existing machinery and avoiding unnecessary duplication or proliferation of review activities.

155. At the national level, each developing country will, where appropriate, establish evaluation machinery or strengthen the existing one and, whenever necessary, seek international assistance for this purpose. Particular attention will be devoted to improving and strengthening national programming and statistical services.

156. For appraisals at the regional level, regional economic commissions in co-operation with regional development banks and subregional groupings, and with the assistance of other organizations of the United Nations system, will assume the main responsibility.

157. The United Nations Conference on Trade and Development, the United Nations Industrial Organization and the specialized agencies of the United Nations will continue to review progress in their respective sectors according to the procedures already established and to be adapted as necessary.

158. An over-all appraisal of the progress in implementing the International Development Strategy will be made by the General Assembly, through the Economic and Social Council, on the basis of the above-mentioned reviews and of comments and recommendations, within the framework of a specific mandate, by the Committee for Development Planning. In order to assist in this task, the Secretary-General will prepare and submit appropriate documentation and reports. The over-all appraisal will be made biennially.

#### MOBILIZATION OF PUBLIC OPINION

159. All countries, as an essential part of their contribution to the development effort will mobilize public opinion in support of the New International Economic Order, and to the principles, objectives and policies of the revised International Development Strategy as an instrument for the advancement of the Order. Governments of the more advanced countries will continue and intensify their endeavour to deepen public understanding of the interdependent nature of the development efforts during the Decade - in particular of the benefits accruing to them from international co-operation for development - and of the need to assist the developing countries in accelerating their economic and social progress. The efforts which developing countries themselves are making to meet the requirements of their economic and social progress need to be more clearly and more generally made known in developed countries. Similarly, Governments of the developing countries will continue to make people at all levels aware of the benefits and sacrifices involved and to enlist their full participation in achieving the objectives of the Decade. The mobilization of public opinion has to be the responsibility mainly of national bodies. Governments may give consideration to the establishment of new national bodies or to strengthening the existing ones designed to mobilize public opinion, and, as a long-term measure,



to give increasing development orientation to the educational curricula. Considering that leadership can make a significant contribution to the mobilization of public opinion, the formulation of concrete aims by the competent authorities is indispensable. The role of the organizations of the United Nations system will be to assist the various national information media in particular by supplying, inter alia, through modern techniques adequate basic information from which these media may draw both substance and inspiration for their work. There is also an urgent need for increasingly co-ordinating the information activities already being undertaken by many organizations within the United Nations system. The information stemming from international sources will be aimed primarily at strengthening the sense of interdependence and partnership implicit in the concept of the Decade.

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