

United Nations
**GENERAL
ASSEMBLY**

TWENTY-SECOND SESSION

Official Records

**SECOND COMMITTEE, 1140th
MEETING**

Friday, 3 November 1967,
at 10.50 a.m.



NEW YORK

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Chairman: Mr. Jorge Pablo FERNANDINI
(Peru).

AGENDA ITEM 46

Operational activities for development (continued)
(A/6703 and Corr.1, chap. XIII, sect. I and II):

(a) Activities of the United Nations Development
Programme: reports of the Governing Council
(A/6809, E/4297, E/4398);

(b) Activities undertaken by the Secretary-General
(A/6841)

1. Mr. MOLLER (Sweden) said that Sweden had repeatedly expressed concern at the relatively slow rate of increase in Government contributions to the United Nations Development Programme (UNDP). Pledges for 1968 had totalled \$184 million, a figure which was only some 7 per cent higher than in 1967 and still well below the target of \$200 million. The present level of contributions was clearly insufficient if the target of \$350 million, which the Secretary-General had estimated in the introduction to his annual report on the work of the Organization (A/6301/Add.1, p. 9) as desirable if minimum needs were to be met, was to be reached in 1970. Even if the rapid increase suggested by the Secretary-General was not possible at present, it was to be hoped that agreement could be reached regarding a substantial expansion of the resources at UNDP'S disposal.

2. With resources growing at so slow a rate, UNDP had taken the right course in making earmarkings in excess of available resources, since experience had shown that that could be done without jeopardy to financial prudence. His delegation believed that the excess of resources over allocations, which had amounted to some \$66 million at the end of September 1967, could be gradually reduced, without undue risk, to \$20-30 million.

3. A problem that was making itself increasingly felt was the inability of at least some of the participating and executing agencies to undertake vastly increased programmes. Although the United Nations Industrial Development Organization (UNIDO), for ex-

ample, might have some excess capacity for some time to come, there were clear signs that many of the other agencies were experiencing an increasing strain between their regular functions and their activities as participating and executing agencies of UNDP. Because of the steadily growing amount of work to be undertaken on behalf of UNDP, many agencies would have to undergo a process of adjustment, involving not only a modification of present working methods—for example by making increased use of outside services—but also an internal reorganization intended to increase the efficiency of their services to the developing countries. That adjustment was necessary, although it might require a painful reappraisal, by both secretariats and Member States, of the existing roles and functions of international organizations.

4. One of the most important decisions taken by the Governing Council of UNDP at its fourth session related to new programming procedures for the Technical Assistance component of the UNDP. His delegation was convinced that the introduction of project budgeting and continuous programming would have a healthy effect on the further development of multi-lateral technical assistance. In addition to returning programme savings to the countries concerned, creating new programme stability and flexibility, and promoting the adoption of integrated and multi-purpose projects, it would shorten the period between the emergence of an acute need and the implementation of projects. It should also lead to a considerable reduction in programme changes, which constituted one of the most frustrating elements in the present programming procedures. His delegation therefore whole-heartedly supported Economic and Social Council resolution 1250 (XLIII) and endorsed the draft resolution contained in operative paragraph 3 which the Council recommended for adoption by the General Assembly.

5. Sweden had suggested that the Governing Council of UNDP should consider recommending to the Economic and Social Council and the General Assembly an increase in the appropriation for the regular programme of technical assistance in the United Nations budget. The appropriation had remained unchanged at the figure of \$6.4 million for six years, despite a steady rise in demands for assistance and in costs. Moreover, the proportion of the United Nations budget devoted to technical co-operation had fallen from 7.8 per cent in 1962 to 5.3 per cent in 1966. Despite its limited resources, the regular programme had been able to provide valuable complementary services, particularly in connexion with projects not wholly covered by other programmes and in meeting unforeseen needs in the technical assistance field. His delegation therefore looked forward to the report

regarding the appropriate level of the regular programme and its relationship to other elements of UNDP to be submitted by the Secretary-General to the Governing Council at its fifth session.

6. Mr. SADI (Jordan) recalled that the Administrator of UNDP had referred in his statement at the 1137th meeting (A/C.2/L.968 and Corr.1) to the non-utilization of human resources as the principal cause of poverty. His delegation attached great importance to that problem, which, despite the Government's efforts, was still seriously impeding Jordan's economic growth. It had been said that Jordan's main export was its intelligentsia, and though much had been done to stem the outflow of human resources, further drastic measures, based on sociological, psychological and economic research, were needed.

7. The reason for the departure of thousands of educated Jordanians lay partly in the history of the Middle East. The long period of colonial rule in the area had produced a class of merchants and civil servants who were devoid of any sense of responsibility towards their people because they had helped their colonial masters to rule the masses in return for certain material and social benefits. With the advent of independence, that class had been largely stripped of its power, but its influence was still felt in the public and private sectors of the economy. Some increase in civic responsibility had been attained through educational and training programmes, but much remained to be done. The new generation of university graduates was quite different from the preceding generation, but unfortunately relatively few such graduates had so far been attracted into the civil service or the private sector of the economy. That situation was partly due to the fact that the great differences between the generations had led to conflict, and the victor in the initial confrontation had so far been the less productive and efficient generation. As a result, highly qualified university graduates, finding that they were offered poorly paid jobs or none at all, left the country.

8. The Jordanian Government believed that a positive campaign should be initiated to encourage educated people to serve their country and contribute to its development by making them feel that they were needed, that their skills could be productively used, and that they would be given adequate remuneration.

9. Mr. CHTOUROU (Tunisia) paid a tribute to the activities of UNDP, which was one of the few United Nations bodies which functioned efficiently. The Programme owed its success to the energy and dedication of the Administrator and his staff, who had been greatly aided in their task by the realism and efficiency which had characterized the debates in the Governing Council. Since its establishment, UNDP had consistently sought to improve its operations and had introduced effective structural reforms, such as the establishment of the Inter-Agency Consultative Board. In that connexion, the consultations between UNDP and other multilateral and bilateral programmes should be intensified, so as to ensure that assistance was co-ordinated within the framework of national development programmes. Another reform to which his delegation attached great importance was the establishment of the Bureau of External Relations,

Evaluation and Reports, which enabled UNDP to determine whether the funds spent on projects had been used effectively. Evaluation teams had already visited three countries, including his own, and had drawn conclusions that would improve UNDP's work.

10. The conclusions relating to the role of the Resident Representatives of UNDP were particularly important. One team had stated that the presence of a Resident Representative having the necessary status and authority was a decisive factor in the programming, preparation, implementation and evaluation of United Nations assistance. His delegation shared that view, and believed that the agreement between UNDP and the Food and Agriculture Organization of the United Nations (FAO), under which FAO local representatives would be placed in the offices of Resident Representatives of UNDP, represented an important advance in inter-agency co-ordination. That agreement should be followed by others, which would make the Resident Representatives the central factor in all types of United Nations assistance.

11. A third noteworthy reform proposed by the Administrator was the introduction of continuous programming for the Technical Assistance component of the UNDP, a step which would permit added flexibility of operation and enable recipient Governments to make long-term plans. The proposal had already been approved by the Governing Council and the Economic and Social Council, and his delegation hoped that the Committee, too, would approve it by endorsing the draft resolution contained in Economic and Social Council resolution 1250 (XLIII).

12. The various improvements introduced during the past two years had enabled UNDP to do much useful work, but its resources were still totally inadequate in relation to the developing countries' needs. Total UNDP expenditure had increased by 29 per cent from 1965 to 1966, and earmarkings had increased by 52 per cent, while contributions had increased by only 6.34 per cent during the same period. The 1970 target of \$350 million suggested by the Secretary-General could be attained if all the developed countries increased their contributions substantially. The unanimous agreement regarding UNDP's objectives and methods of operation was a good omen, and his delegation hoped that the rich countries would fulfil the hopes placed in them, particularly since the developing countries were making a special effort to increase their own contributions. Furthermore, any increase in UNDP's activities would benefit the developed countries, which provided the necessary experts and equipment.

13. His delegation attached particular importance to the recruitment of experts, which was an essential factor in the success of UNDP's work. It welcomed the progress already made in that area and looked forward to further improvements in the future.

14. His delegation shared the concern expressed by other delegations regarding the developing countries' growing need for direct investment in the production sector. Those needs were augmented by UNDP's pre-investment activities, which would be useless if not followed by the establishment of productive enterprises. His delegation hoped that the

United Nations Capital Development Fund would help to provide the necessary capital, but the problem could also be studied by the Governing Council of UNDP.

15. Mr. KOVALEV (Union of Soviet Socialist Republics) said that one of the most important questions of principle discussed by the Governing Council of UNDP concerned the direction which the Programme's future activities should take. Despite some positive results, the Programme was still not having any marked effect on the economic development of Asian, African and Latin American countries, a weakness for which its administration was largely responsible. For example, it was clear from the statement made by the Associate Administrator at the 1137th meeting that pre-investment projects under the Special Fund component of the UNDP would be completely subordinated to the interests of monopolies and banks, which would determine what projects were to be carried out and which countries would benefit. The USSR could not support that approach, which was contrary to the interests of developing countries and conflicted with their primary responsibility for the selection of projects. The Associate Administrator had also stated that of the ninety-seven completed UNDP (Special Fund) projects, thirty-nine had resulted in the investment of nearly \$2,000 million of development capital by foreign firms and banks. In that connexion, the Soviet delegation again wished to state that such firms and banks should reimburse UNDP for the cost of the relevant pre-investment work, thereby substantially increasing its resources and expanding its possibilities.

16. It seemed clear that the administration of UNDP intended to continue to confine the Programme to pre-investment activities and not to provide developing countries with assistance in establishing pilot and demonstration plants, despite the many resolutions adopted by the General Assembly, and despite the fact that the Governing Council, at its fourth session, had invited the Administrator to proceed with assisting Governments in the preparation of requests for assistance in the field of pilot plants and to submit them for approval at the next and succeeding sessions (see E/4398, para. 129).

17. At the third session of the Governing Council, the Soviet delegation had stated that it was prepared to assist in constructing industrial or agricultural pilot plants in developing countries with United Nations funds but, unfortunately, there had been no reaction on the part of the administration. His delegation therefore hoped that the Administrator would submit to the Governing Council at its next regular session a full list of projects for the establishment of pilot plants in accordance with the basic interests of developing countries.

18. As the Soviet delegation had often pointed out, the fundamental principles and methods governing UNDP's operations, as laid down in numerous General Assembly resolutions, were being violated in practice by the Programme and by its executing agencies. It was regrettable that the Programme was still not universal in character and that, as a result of political considerations, a number of States, including a highly developed country—the German Democratic Republic

were still excluded from participation. The principles of universality and equitable geographical distribution were also being violated in such matters as the allocation of projects for execution, the recruitment of experts and Resident Representatives, the membership of missions, and the placing of contracts and orders. As a result of such discriminatory practices the utilization of the voluntary contributions made by Member States, including those of the Soviet Union, continued to be unsatisfactory; that was particularly true of the Special Fund component of the UNDP. While he realized that such utilization depended in great measure on the administrations of the specialized agencies, the Second Committee should draw the attention of the Administrator of UNDP to the need for full utilization of Government contributions by all participating and executing agencies in the interests of the developing countries. The Programme should serve to promote peace and progress in the spirit of the Charter of the United Nations, and its resources should not be used to support aggressors and their accomplices, including régimes engaged in oppressive acts against peoples struggling for their national liberation.

19. The Soviet delegation still believed that the regular programme of technical assistance should cease to be covered by the regular budget of the United Nations and that it should be placed under the full control of the Governing Council of UNDP and financed through voluntary contributions. In that connexion, attention should be drawn to the fact that the list of topics for future consideration outlined in the report of the Enlarged Committee for Programme and Co-ordination on its first session^{1/} included the *raison d'être* of the regular programme and the question of amalgamating all regular assistance programmes with UNDP, taking into consideration, *inter alia*, the need to concentrate on major projects, to eliminate fragmentation of programmes and to reduce overhead and administrative costs. Such a measure could, in his delegation's view, help to accelerate the economic development of developing countries.

20. While the process of industrialization varied from country to country in accordance with economic, political and social conditions, it had a number of common features in all developing countries: the need to establish the bases of a balanced economy, the elimination of economic backwardness, the attainment of economic independence and the improvement of living standards. In addition, most developing countries were facing serious problems with regard to capital accumulation, the optimum consideration of internal and external financing, and the training of qualified personnel. The experience of the Soviet Union showed that the attainment of economic independence by under-developed countries depended on the establishment of national industry, the growth of the country's economic potential and the improvement of living standards.

21. Pre-revolutionary Russia had been an unbelievably backward country with an almost completely illiterate population. Industrial production had lagged

^{1/} See Official Records of the Economic and Social Council, Resumed Forty-third Session, Supplement No. 10 (E/4435).

far behind that of Western countries, and the lack of industrial and technical progress had inevitably led to technological and economic dependence. Following the foreign intervention and the civil war, the restoration of the shattered economy had been the first task of the young Soviet State, which had faced particularly urgent problems in the transport, fuel, food and health spheres. That task had been accomplished through the first over-all Soviet plan for the development of the national economy, which had made it possible, by the end of 1925, to rehabilitate the economy and to effect a transition to the building of socialism and a rapid increase in the country's productive capacity. The main foundations for the building of socialism and communism had been, and continued to be, the five-year-plans for the development of the national economy, of which the eighth was currently in effect. As a result of those plans, there had been a huge increase in the country's productive capacity and a continued and rapid rise in its economic growth. The USSR was now the world's second industrial Power and its industrial output was larger than the combined output of many Western European countries.

22. An important factor in the progress of the Soviet economy had been the development of industry in many formerly backward regions of pre-revolutionary Russia. For example, large modern iron and steel, power and mechanical engineering plants had been established in such areas as Central Asia, Kazakhstan and Transcaucasia, where only small handicraft and similar enterprises had hitherto existed. Thus, industrial output in those areas had increased enormously in comparison to 1913.

23. Since 1955, the Soviet Union had systematically provided bilateral economic and technical assistance to developing countries, and had been giving such assistance to thirty-four countries in 1966. More than 600 industrial enterprises and other projects had been constructed under bilateral agreement with developing countries, and about 70 per cent of the funds used for such assistance were devoted to industrial development. Projects under construction with Soviet assistance also served as large-scale training schools for local technical personnel and skilled workers; in all, more than 120,000 skilled workers and foremen had been trained by Soviet specialists in recent years. The Soviet Union had no desire to obtain territory or extract profits from the developing countries, and all the establishments constructed with Soviet assistance, as well as all the income from such establishments, remained the property of the recipient country.

24. With regard to the resources spent on armaments, he recalled that in 1965 the Soviet Union had submitted a draft treaty on general and complete disarmament under strict international control to the Disarmament Commission.^{2/} That draft treaty had provided that funds released through the implementation of measures would be used for peaceful purposes, including the reduction of taxes on the population and the subsidizing of the national economy. A certain portion of the funds thus released would also

be used for the provision of economic and technical assistance to under-developed countries. The size of that portion would be subject to agreement between the parties to the treaty. Unfortunately, certain forces in the world supported the arms race, and it was the military-industrial corporations of Western countries, particularly of the United States, that were the main instigators and protagonists of the pernicious adventurist war policy. Such forces naturally hampered international economic co-operation and compelled peace-loving States to divert resources to national defence. One of the principal tasks before the United Nations was to eliminate the causes of the arms race.

25. Mr. HOO (China) observed that the excellent team-work of the UNDP staff, under the capable leadership of the Administrator, had produced praiseworthy results. UNDP had a vital role to play in narrowing the gap between rich and poor nations, as was shown by the fact that follow-up investment on pre-investment projects had increased from \$722 million in 1966 to more than \$1,800 million in 1967. That increase reflected the incessant efforts of the international community to further the economic and social advancement of the developing countries.

26. The recent United Nations Pledging Conference on UNDP had shown that Member States, including his own country, were giving UNDP growing support, for the contributions pledged represented an increase of \$12 million over the previous year, although that increase still fell short of the target. The target of \$350 million in voluntary contributions by 1970 was, in his view, a practical one, and he hoped that all Member States, particularly the industrialized countries, would seek to increase their contributions in the future.

27. His delegation had noted with interest the reports of the third and fourth sessions of the Governing Council (E/4297 and E/4398). It was particularly impressed by the close co-ordination and co-operation between UNDP, recipient Governments and participating and executing agencies in the preparation, approval and implementation of projects. His delegation supported the aims of Economic and Social Council resolution 1250 (XLIII), which recommended a revision of the programming procedures for the Technical Assistance component of the UNDP, and would vote in favour of the draft resolution which the Council had recommended for adoption by the General Assembly which was contained in that resolution.

28. The regular United Nations programme of technical co-operation had for many years provided valuable service to recipient countries. His delegation therefore considered that a modest increase in the annual appropriation for that programme was justified, in view of the ever-growing needs of the developing countries and the increase in expenditure on such items as experts' salaries and fellowships.

29. Mr. KARKKAINEN (Finland) commended the Administrator of UNDP and his colleagues and the Commissioner for Technical Co-operation on the efficiency of their respective programmes.

30. Finland continued to support the channelling of multilateral development aid through United Nations

^{2/} See Official Records of the Disarmament Commission, Supplement for January to December 1965, document DC/213/Add.1.

bodies, for it believed that untied aid was most beneficial to the recipient countries. It had substantially increased its contributions to UNDP in 1967 and, in view of the efficient way in which the Programme was administered, was sure that that contribution would be used in the most appropriate way.

31. At its fourth session, the Governing Council had stressed the need for co-operation between UNDP and UNIDO; his delegation had noted with satisfaction that such co-operation had already been initiated under the agreement concerning the inclusion of UNIDO field advisers in the offices of UNDP Resident Representatives. He hoped that the six or seven industrial advisers already in the field would be followed by more, and that they would be given the best possible working conditions. The Programme and UNIDO could also co-operate in other ways: for example, UNIDO could help to identify and prepare industrial projects suitable for UNDP financing and to implement those projects on UNDP's behalf. His delegation considered that UNIDO's activities should be financed through UNDP.

32. His delegation had noted with approval the revised procedure for programming technical assistance within UNDP and the increased flexibility in fulfilling Government requests. More use should be made of sub-contracting firms and qualified consultant services, which should be chosen on the widest possible geographical basis.

33. Finland attached great importance to the work UNDP was doing to identify the potential physical and human resources of the poorer countries and improve their utilization, for, as the Administrator had pointed out at the 1137th meeting, the cause of poverty in the developing world was not the lack of resources but their under-utilization. His delegation was looking forward to the preliminary survey of natural resources due to begin in a limited number of countries in 1968, and hoped that UNDP would help to finance it.

34. Agricultural production must be increased if the world food shortage was to be alleviated; consequently, the possibilities of increasing world food production should be investigated immediately, so that appropriate action could be taken without delay. Special attention should be paid to the utilization and expansion of existing or potential resources of protein.

35. The Administrator of UNDP had referred at the same meeting to the enormous discrepancy between the funds spent on armaments and those devoted to peace-building through development assistance. It was to be hoped that, in future, countries would earmark a larger proportion of their available funds for development aid. However, that could be done only with wide public support, which, as the Administrator had pointed out, could only be created by informing the public about the obstacles to development and the work being done by the United Nations family to overcome them. Governments of Member States and UNDP should accord greater attention to the dissemination of such information.

36. Mr. JANSZ (Ceylon) thanked the Administrator of UNDP and his colleagues for their statements which had given the Second Committee a clear picture of the Programme's over-all scope and flexibility. His delegation was particularly glad to note that the need for a radical alteration in programming procedures had been appreciated and that due emphasis was being placed on scientific evaluation of UNDP's effectiveness at both the sectoral and country levels. It wholeheartedly supported the Administrator's efforts to clarify UNDP's objectives and make the Programme a more effective instrument for accelerating the economic growth of developing countries.

37. His delegation was glad to note that UNDP had undertaken activities relating to tourism and family planning, which were of vital concern to Ceylon. The addition of such activities should not, however, be allowed to impair the effectiveness of UNDP's traditional activities. He was glad to note that greater emphasis was being placed on the importance of pilot projects and demonstration units as a means of taking pre-investment studies a step further. However, vast sums of capital would be required if development projects were to be pursued to their logical conclusion. The figures relating to investment follow-up of UNDP activities were impressive, but hardly went beyond the fringe of the problem. The developing countries did not possess the capital required; many of them were not in a position to attract such capital from abroad, and even when they could, found it almost impossible to meet the stringent terms on which it was offered. There was, therefore, a very great need for a financial institution within the United Nations which would provide the necessary capital on softer terms than those available from private sources. It had been hoped that the United Nations Capital Development Fund would help to solve the problem, but the recent Pledging Conference had belied those hopes.

38. The Administrator of UNDP had rightly pointed out that the poverty of the developing countries resulted not from a lack of resources but from their under-utilization. The developing countries must therefore be given the means of putting their resources to the best use, and the Administrator had correctly noted that the time factor was critical in that respect. It was to be hoped that the Governments and taxpayers of countries which spent large sums on armaments would soon realize that, in the long run, development assistance was a more profitable investment in terms of both economic benefits and goodwill.

39. His delegation supported the draft resolution recommended by the Economic and Social Council for adoption by the General Assembly, contained in Council resolution 1250 (XLIII). It agreed that the replacement of biennial programming by continuous programming, the provision for utilization of un-programmed balances and the increased authority to be granted to the Administrator under that draft resolution represented a real step forward in adapting the Programme to the needs of recipient countries. His delegation looked forward with interest to the study being undertaken by the Administrator relating to such important aspects of the Programme

as eligibility for UNDP assistance, criteria for the formulation of country targets, and project selection criteria. His country had not been entirely satisfied with the criteria adopted in the past, and would welcome a systematic approach to those very complex problems, based not on the dictates of geography or politics, but on sound economic considerations alone. Aid should go where it was most needed and could best be used.

40. Mr. ALI (Iraq) said that Iraq had supported the establishment of UNDP and the continuing efforts to improve its operations. It had benefited from UNDP assistance and had increased its contribution by over 37 per cent during the past two years. It was grateful to the other countries which had increased their contributions, but believed that the nations which had derived profits from the developing countries during the colonial era should make amends by substantially augmenting their contributions to UNDP. His delegation hoped that UNDP would be given resources commensurate with the enormous needs of the developing countries. While appreciating the valuable work done by UNDP and its predecessors, the Expanded Programme of Technical Assistance and the Special Fund, his delegation felt that the UNDP machinery must be made still more efficient, so that it could respond even more effectively to the requirements of the poor nations.

41. The introduction of project budgeting and continuous programming for the Technical Assistance component of the UNDP seemed to be a step in the right direction, provided that the new procedures were simple and did not unduly retard project implementation. Many delegations, including his own, had already expressed concern at the forty-third session of the Economic and Social Council about the long delays in the delivery of UNDP assistance (see A/6703 and Corr.1, para. 572). It took UNDP three years to approve a project and, where the Special Fund component was concerned, five to ten years elapsed between the submission of a project request and the completion of the project, even when the latter was urgently needed by the recipient country. Efforts should therefore be made to streamline approval procedures, in particular by improving inter-agency co-ordination, eliminating unnecessary studies and surveys and avoiding duplication of effort, such as the re-evaluation by UNDP missions of project requests prepared with the assistance of representatives of the competent specialized agencies.

42. The Programme should assist Governments in the field of planning and should place appropriate emphasis on pilot projects, at the request of the Governments and specialized agencies concerned. The adoption of a country target procedure for the Special Fund component of the UNDP might be useful in that connexion, and it was encouraging to note that it was proposed to introduce such a procedure for the Technical Assistance component. The work of both components should be co-ordinated with and integrated into country development planning.

43. His delegation had noted a lack of proportion in the distribution of UNDP assistance, and would welcome further information on that subject and on the evaluation of UNDP activities. It had also noted

that UNDP was making increasing use of sub-contracting, which might help to solve some of the problems encountered in recruiting experts and lead to the establishment of a pool of experts and consultants. The contracts should, however, be awarded on the basis of international bidding open to all nations, thus ensuring that UNDP assistance would attain maximum efficiency and be truly international in character.

44. In general, his delegation hoped to see an overall improvement in the administration and implementation of all the development activities undertaken by the United Nations family, particularly those of UNDP.

45. Mr. VIAUD (France) said that his Government attached special importance to the part played by UNDP in the international community's work for the economic and social progress of the developing countries, as its recent substantially increased pledge for the Programme indicated. His delegation therefore wished, by giving its considered opinion on policies UNDP might follow in future years, to respond to the appeal made by the Administrator in his statement at the 1137th meeting, when he had said, in speaking of the proposed global strategy for development:

"...in so far as the UNDP's role in a global development strategy is concerned—for defining that role and for helping us to carry it out effectively—we must count heavily on your assistance" (A/C.2/L.968 and Corr.1, p. 8).

46. Developments in the Technical Assistance component of the UNDP were encouraging; the introduction of a continuous programming system, in particular, was to be commended. There was, however, reason for concern about the number of expert missions which had not been followed by results, either because their recommendations had overlooked the priorities of the recipient country or had shown a lack of realism, and his delegation urged the specialized agencies to pay particular attention to that point.

47. The administration of UNDP could be justly proud of the results achieved in its search for follow-up investment. There should be no false optimism, however; the growing volume of successful pre-investment projects made the search for additional sources of follow-up investment capital all the more difficult. In seeking to ascertain the dimensions of the financing problems that would face UNDP in the near future, a distinction should be made between the different kinds of projects handled by the Special Fund component. Of the 778 completed or current projects, 274 were concerned with technical training, 161 with applied research, 15 with economic development planning and 328 with natural resource surveys. Only the last-named required subsequent large-scale investment. If the \$9,000 million capital investment required for the 75 projects so far completed were any guide, however, some \$40,000 million would have to be found for follow-up investment for those 328 projects.

48. In his delegation's opinion, the magnitude of the sums involved merely demonstrated that some

of the natural resources projects did not genuinely qualify for immediate investment. The reason might well be that the Programme, in its laudable concern to share out its resources fairly, had assessed the chances of success of some projects less critically than it should. If UNDP's reputation for efficiency was to be preserved, its operations must be organized in such a way that, in every case, the projects executed produced positive effects on the economy of the recipient country.

49. In the past, for example, UNDP had probably undertaken too many natural resources surveys. In many instances the successful development of natural resources was dependent on certain associated or related factors, rather than on the mere identification of the resources, and the Programme might usefully concentrate on those factors in the future.

50. Pilot industrial projects, on the other hand, should be given even greater emphasis and the application of resources of the Special Fund component of the UNDP to small industrial projects which were suited to the economic potentialities of the recipient countries would almost certainly lead to better follow-up investment.

51. It was becoming increasingly clear, however, that natural resources or industrial projects were almost valueless to the recipient countries if they lacked the necessary technical personnel to develop or operate them. The Programme had not overlooked the need for training and it should in future intensify its training activities. It might do so in two ways: by encouraging the dissemination of general and technical information in the developing countries and by treating vocational and technical training, not as an end in itself, but as a prerequisite for the success of projects which would otherwise be unsuitable for international financing. Training programmes should, moreover, be directed to the rural population, which was very often unaware of the degree to which agriculture could benefit from technological advances.

52. Social development had not in the past received the attention it deserved, perhaps because social investment seemed profitable only as a long-term undertaking. Without wishing to enter into a controversy about the role of UNDP in investment proper, his delegation believed that pre-investment activity should be interpreted with sufficient flexibility to include certain social investments in spheres where requirements were most acute. By encouraging the establishment of health centres or pilot hospitals, for instance, the Programme would be laying the foundations for the social infrastructure so essential for subsequent large-scale industrialization or agricultural development.

53. If the target of \$200 million for 1970 were achieved, UNDP would not need to confine its activities to the traditional spheres of pre-investment and technical assistance, and he accordingly hoped that the ideas he had submitted would be discussed fully at the forthcoming session of the Governing Council.

54. Mr. SKATARETIKO (Yugoslavia) said that the reports of the Governing Council of UNDP and the

statements by the Administrators had confirmed that the Programme was capable of responding to the increasingly complex demands made of it by the international community. The success of the combined Programme had provided a sound basis for the further improvement of the quality and volume of its activities.

55. The ability of UNDP to meet the growing needs of the developing countries was, however, limited by the availability of funds. The indications were that the pledging conferences were unlikely to produce the results desired: the 1967 target of \$200 million, for instance, would clearly not be attained, even in 1968. For that reason, his delegation believed that the Second Committee should organize an exchange of views at the current session on the future financing of UNDP, with a view to making recommendations on ways of enabling the Programme to meet existing project requests and plan long-term operational activities. It should be borne in mind that, although no single UNDP (Special Fund) project had so far been rejected, shortage of resources had forced the Administrator to introduce a selective system for lists of requirements submitted by recipient countries. In those circumstances, the Committee should make a clear statement, after consultation with the Administrator, on how available resources could be increased to the target level of \$350 million by 1970. Considerable savings could, of course, be made by streamlining UNDP operations or increasing counterpart contributions, but the real solution to the problem of financing UNDP lay, in his delegation's opinion, in increased voluntary contributions. In particular, those developed countries whose voluntary contributions were inadequate would have to be urged to make contributions proportionate to their financial capacity.

56. In conclusion, he said that the benefits which developing countries could derive from more extensive utilization of the assistance offered by UNDP were not always recognized and the Governing Council should give special attention to that matter at its forthcoming session.

57. Mr. CUMES (Australia) said that UNDP's essential role as a catalyst was illustrated by the fact that the amount of direct investment stimulated by UNDP (Special Fund) projects was approximately \$80 of investment for each \$1 expended. The real measure of its success was how much investment flowed from it and how far it contributed, directly or indirectly, to the economic growth of the recipient countries. Economic results could not, however, be the sole criterion for directing UNDP activities or expenditures: such requirements as appropriate geographical coverage also had to be borne in mind.

58. As a catalyst for development, however, UNDP produced significant results. Through giving recipient countries more skilled personnel and improving their economic and industrial potential, their standards of living and their balance of payments, it increased their self-reliance and economic independence. The technical training programmes of UNDP had a particularly important impact on the developing countries inasmuch as they reduced the tremendous drain

on their foreign exchange resources caused by the cost of importing skilled personnel.

59. The dedication of most developing nations to the economic and social advancement of their people to which the Administrator had referred at the fourth session of the Governing Council (see E/4398, para. 9), should not be allowed to lead to the distortions caused by over-ambitious development programmes. Unduly rapid development tended to raise prices and reduce cost advantages which might accrue to the developing countries in the earlier stages of industrialization and in the more labour-intensive industries. Furthermore, the tendency to concentrate on industrial development, and on urban rather than rural development, adversely affected market agriculture, a sector greatly in need of development in most countries.

60. The under-utilization of resources to which the Administrator had referred at the 1137th meeting seemed, in fact, to apply especially to agriculture: as had been pointed out in Part Two of the World Economic Survey, 1966,^{3/} there had been an alarming reduction in agricultural output in the developing countries and available information suggested that total agricultural production in those countries had remained virtually static since 1964. It was therefore encouraging that the administration of UNDP envisaged an increase in the number of agricultural projects and was making efforts to increase the labour-absorptive capacity of rural areas, to diversify agricultural production and to extend and diversify rural activities. Such efforts should help to maintain a balance between major sectors of the economy, and between the economy and the outside world.

61. The decision to unite the Special Fund and the Expanded Programme of Technical Assistance had proved to be a wise one and the adoption of new programming procedures which would allow more complete integration of UNDP with other development activities was most gratifying. His delegation also welcomed the improvements in the pace of project implementation and of the preparation of plans of operation, as a further instance of the dynamic progress which characterized the activities of the Programme.

62. Mr. MWENDWA (Kenya) said that his delegation was gratified at the evidence in the Governing Council's reports of increasing co-operation between the Administrator and staff of UNDP, on the one hand, and the executive heads and staff of the specialized agencies. It welcomed the creation of the

^{3/} Current Economic Developments (United Nations publication, Sales No.: 67.II.C.1).

Inter-Agency Consultative Board and the growing importance of the central co-ordinating role played by the Resident Representatives of UNDP; such co-ordination of activities was essential for the attainment of common objectives and goals. In that connexion, a greater measure of co-ordination between UNDP and financial institutions was to be encouraged, with a view to facilitating the follow-up financing of UNDP (Special Fund) projects. The prompt execution of those projects greatly strengthened a country's financial position and its balance-of-payments.

63. His delegation was impressed by the account given in the report of the Economic and Social Council of UNDP's achievements in the developing countries (see A/6703 and Corr.1, chap. XIII). It believed, however, that the Programme should play a greater role in industrialization, with special emphasis on pilot plants, trade promotion, the development of agriculture, the improvement of public health and the training of skilled personnel. Rapid industrialization was essential in developing countries in which subsistence farming constituted the livelihood of the majority of the population. The arrangements for co-operation between UNDP and UNIDO were therefore extremely gratifying.

64. In most developing countries the value of imports tended to be higher than that of exports. His delegation accordingly considered that co-ordinated efforts in the field of exports promotion by the United Nations Conference on Trade and Development, UNIDO, FAO, GATT (General Agreement on Tariffs and Trade) and the regional economic commissions were of the greatest importance. The achievements of UNIDO in industrialization and of FAO in the modernization of farming would be of limited value unless the developing countries secured access to world markets for their agricultural products and manufactures at reasonable prices.

65. The regional economic commissions should, in his delegation's view, be given a bigger role in decisions on project priorities in their own regions. Moreover, they should participate more fully in planning the economies of their regions, with the help of the specialized agencies and UNDP.

66. In conclusion, he welcomed the changes in programming procedures proposed in Economic and Social Council resolution 1250 (XLIII). His delegation also endorsed the Council's decision to invite the General Assembly to continue to authorize the use of technical assistance funds for the provision of operational personnel and would support any draft resolution to that effect.

The meeting rose at 1.5 p.m.