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MEETING**

Tuesday, 14 November 1972,
at 3 p.m.

NEW YORK

Chairman: Mr. Bruce RANKIN (Canada).

AGENDA ITEM 12

Report of the Economic and Social Council [chapters III to XI, XII (sections A to G) and XVII to XIX] (continued)

UNITED NATIONS CHILDREN'S FUND (continued) (A/8703, CHAP. VII, SECT. D; A/C.2/L.1242)

AGENDA ITEM 46

Operational activities for development: reports of the Governing Council of the United Nations Development Programme (continued) (A/8703, chap. VII, sect. A, B and C; E/5092, E/5185/Rev.1):

- (a) United Nations Development Programme (A/8648);
- (b) United Nations Capital Development Fund;
- (c) Technical co-operation activities undertaken by the Secretary-General;
- (d) United Nations Volunteers programme (E/5146)

1. Mr. SIBAJENE (Zambia) said that his delegation attached great importance to the activities of UNDP, the largest United Nations body providing multilateral aid for development. It welcomed the structural reforms embodied in the Governing Council's Consensus adopted at its tenth session, in June 1970,¹ particularly the introduction of country programming designed to allow long-range planning and meaningful allocation of limited resources.

2. His delegation felt that the current pace at which country programmes were processed and approved was rather slow and appeared to be worsening: 19 programmes had been approved at the thirteenth session of the Governing Council and only 16 at its fourteenth session, bringing the total to 35. His delegation was aware of UNDP's administrative and financial limitations. Inadequate voluntary contributions, inflation and high costs had all exerted negative influences on UNDP's development activities. Accordingly, it was necessary to establish a link between IMF special drawing rights and additional development finance in order to have a more stable source of financial resources. Voluntary contributions alone could not be relied upon, as they fluctuated.

¹ See *Official Records of the Economic and Social Council, Forty-ninth Session, Supplement No. 6A*, para. 94.

3. His delegation also attached great importance to industrialization. Many developing countries which were predominantly rural could not break out of the circle of poverty without assistance in the industrial field. The increase of industrial field advisers to 50 was heartening, although even that figure was inadequate when it was considered that there were about 100 developing countries to be covered. Moreover, it would be more economical in terms of travel costs if there were 100 industrial field advisers resident in one place.

4. His delegation welcomed the special measures contemplated by the UNDP Administrator (1478th meeting) for the least developed among the developing countries. Land-locked developing countries, whether they were least developed or not, suffered similar hardships in the fields of road, rail, river and air transport. That point had not been emphasized in the Administrator's statement. Zambia's transport problems had been worsened by the unilateral declaration of independence seven years previously by Southern Rhodesia. Zambia had been obliged to divert its supply routes to friendly countries to the north at great cost. Moreover copper prices had been declining in recent years and Zambia's economy had been increasingly vulnerable since it depended heavily on copper, its greatest export commodity. Zambia had made great progress during a relatively short period but felt that particular attention should be paid to the needs of all land-locked countries. The question had been discussed at Santiago de Chile, at the third session of UNCTAD, and resolution 63 (III) had been adopted as a result.

5. His delegation felt that in calculating indicative planning figures, the geographical locality of developing countries should be taken into account as an important criterion. To illustrate the difficulties encountered by land-locked countries, he cited the international airlift for fuel and lubricants that had had to be organized for Zambia following the Southern Rhodesian action cutting off fuel and oil supplies. The construction of a pipeline costing more than \$50 million and covering a distance of more than 1,000 miles had been necessary and had been executed, thus enabling Zambia to refine crude oil. The manifold difficulties of land-locked countries were obvious to all.

6. His delegation welcomed the service which the United Nations Volunteers programme rendered in the field of development. It had noted with interest that there were 94 United Nations Volunteers in the field and that conferences, training seminars and missions

to the developing countries had been organized as part of the technical aid to developing countries. It was, however, important to state that Volunteers must be qualified to do the jobs assigned to them and that their activities must be confined to those jobs. Moreover, they must be requested and accepted by the Governments concerned. Volunteers who had had only one month's training before going to a country requesting assistance were unacceptable, as they would merely be engaged in personal practical training. It was also frustrating that Volunteers who served for only one or two years would leave when their advice began to be useful. In most cases Volunteers departed before their projects were completed. That situation was unfortunate and might cause many nations to lose faith in the Volunteers service.

7. Mr. DIAW (Mali) stressed the importance of UNDP in the struggle against under-development which was synonymous with poverty, malnutrition, disease, hunger, illiteracy and unemployment. While expressing appreciation of the work of the Governing Council of UNDP and of the Economic and Social Council, he noted that UNDP could accomplish its noble purposes only by increasing its assistance to under-developed countries and by helping them to share in the great benefits of science and technology.

8. In the light of the priority given to development problems, it was disquieting to note that the funds available to UNDP were considerably lower than had been anticipated and that the Governing Council had found it necessary in carrying out national programmes to eliminate or postpone some projects because of the low indicative planning figures. In the circumstances it was difficult to see how the goals of the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)) could be achieved. Obviously it was essential that UNDP contributions should be increased and that the industrialized countries should be encouraged in the spirit of international solidarity to reach the increased annual rate of 15 per cent which had been deemed necessary to double UNDP resources.

9. It was also extremely important to examine the distribution of UNDP resources. His delegation agreed that a review of the criteria for calculating indicative planning figures was necessary. Such a review should give consideration to the particular situation of the 25 least developed countries² in the matter of the projects already submitted to UNDP for financing as well as the need to give them economic structures to help them overcome the lag in their development.

10. Pending that review, immediate readjustment of indicative planning figures should be made for the benefit of the least developed countries, as some of them were not in a position to submit new projects to UNDP for financing for the corresponding five-year period because they were limited to the completion of old projects.

² *Ibid.*, Fifty-first Session, Supplement No. 7, para. 66.

11. His delegation requested the adoption at the current session of the special measures contemplated in General Assembly resolution 2626 (XXV) and was pleased at the UNCTAD recommendations in favour of the least developed countries (resolution 62 (III)).

12. It was pleased at the favourable reaction to the subregional development authority set up by Upper Volta, Mali and Niger and hoped that the specialized agencies would also lend it support.

13. Mr. N'DIAYE (Senegal) stressed the importance and the complexity of development problems and noted that UNDP was concerned with inadequate socio-economic infrastructures and with technological stagnation in under-developed countries. UNDP's intervention in the economies of under-developed countries varied. He noted that, since the 1970 Consensus, Senegal had experienced some degree of dissatisfaction at the substantial decrease in the assistance it received from UNDP. Nevertheless, Senegal continued to have faith in UNDP, as evidenced by the significant increase in its voluntary contribution to UNDP for 1973 as announced at the 1972 United Nations Pledging Conference on UNDP.³

14. He wished again to point out the inadequacy of the indicative planning figure for Senegal. The programme accompanying the document on which Senegal's indicative planning figure had been based was much higher than \$10 million. Following the designation of the indicative planning figure, an adjustment of projects had been necessary and projects which were important to the national economy had had to be sacrificed. While it might be argued that that situation prevailed in all recipient countries and that UNDP resources were inadequate to meet the needs of developing countries, he noted that the allocation of indicative planning figures was based on criteria determined by the Governing Council. Whatever those criteria were, it was difficult to understand how two countries at a similar stage of development and with very close population figures could have two different indicative planning figures. Yet that was the case of Senegal and some other African countries which had figures of \$15 million. That disparity was hard to understand and, as a consequence, Senegal had requested an adjustment in its figure. The administration of UNDP had taken the strange position that as readjustment of the figures was linked to the total level of available resources, an over-all review of figures could be carried out only within the framework of substantial contributions of resources. In the case of Senegal, what was involved was merely a correction due to misinterpretation of statistics. His delegation hoped that the UNDP Administration would be in a position to give it satisfaction in 1973.

15. He commented that a new system of indicative planning figures based on demographic factors and *per capita* income would channel all international assistance to over-populated countries and leave most of the African countries on short allowance. Moreover,

³ See A/CONF.58/SR.1 and 2.

projects involving waterways or irrigation were equally important for over-populated and under-populated countries. It was, however, understandable that an over-populated country required more schools and socio-cultural infrastructures than less populated countries. The demographic criterion must be handled with great judgement and care.

16. He noted that the President of the World Bank Group had told the Economic and Social Council on 18 October 1972 (1841st meeting) that the criterion of *per capita* income could be seriously inadequate, because it did not give much indication of what was happening. Since quantitative criteria were lacking, basic principles must be applied: equal opportunity for all countries, including the least developed, and distribution of UNDP resources on the basis of equity and justice.

17. If UNDP was to carry out its important role in multilateral assistance, it must strive to co-ordinate and integrate such aid. Nevertheless each Government must be responsible for the co-ordination of bilateral assistance.

18. The United Nations Fund for Population Activities had given assistance to some developing countries and had adopted appropriate principles whereby assistance was given only at the request of Governments and no particular approach to the solution of population problems was favoured. That Fund deserved to be supported and encouraged.

19. Mr. MALAFATOPOULOS (World Health Organization) wished to reply on behalf of WHO to questions raised by the representatives of Sweden and others in the debate on the operational activities for development. It had been suggested that UNDP-financed field activities of the agencies should be kept more closely under review in their respective legislative organs. Also questions had been raised regarding the implementation of the decision taken by the Economic and Social Council on 22 July 1970⁴ recommending all executing agencies of UNDP to review their organizational structure with a view to adapting it to their increased operational activities financed by UNDP.

20. The largest share of assistance given by WHO came from its regular budget and WHO's constitution stipulated that a major function of the organization was to provide such assistance to Governments upon request. In 1971, for example, the total obligations incurred in the regular programme of the organization amounted to \$75.2 million, the bulk of which had been accounted for by field activities in the six regions of WHO and also interregional activities. At the same time, the 1971 Governing Council earmarkings for UNDP Special Fund projects executed by WHO were estimated at approximately \$12.7 million, a rather modest sum compared to the regular programme of WHO. In 1971 WHO had been executing agency for 52 of the 1,428 Special Fund projects accounting for approximately 3.6 per cent of the total programme.

⁴ See *Official Records of the Economic and Social Council, Forty-ninth Session, Supplement No. 1, "Other Decision"*, p. 17.

21. It was important to note in that connexion that, in WHO's annual proposed programme and budget estimates, an integrated international health programme of technical assistance was presented to the agency's legislative organs. It included projects financed from WHO's regular programme, from funds-in-trust arrangements, from UNDP and from other sources. That programme was regularly reviewed as an integrated whole by WHO's Executive Board and was subsequently approved by the World Health Assembly. In addition the Director-General submitted to each mid-year session of the Executive Board a progress report on the implementation of the programme financed from all sources of funds administered by WHO.

22. In May 1971 the World Health Assembly had welcomed the Consensus adopted by the Governing Council of UNDP in June 1970, had taken note of resolution 2688 (XXV) of the General Assembly endorsing that Consensus and of the recommendation of the Economic and Social Council of 22 July 1970 that all executing agencies of UNDP review their organizational structure. The World Health Assembly had also requested the Director-General of WHO to continue to co-operate fully with the Administrator of UNDP and with other organizations of the United Nations system in the implementation of the 1970 Consensus. It had further requested the Director-General to continue to review WHO's organizational structure at headquarters, regional and country levels, with a view to adapting further that structure to WHO's increased operational activities as well as those financed by UNDP, taking into account the relevant recommendations of the UNDP Governing Council and the Economic and Social Council. The Director-General would report on the result of that review to the Executive Board and to the World Health Assembly and would also report to the Economic and Social Council.

23. WHO's co-operation with UNDP had been very satisfactory. WHO had welcomed the introduction of country programming and had participated to the fullest possible extent in each of the exercises thus far. The bulk of the advisory work had been discharged by the six regional offices and in particular by WHO representatives in individual countries, where they co-operated closely with UNDP resident representatives. The regional and field structure of WHO was indeed the key element permitting that organization to provide to member countries the most effective assistance possible.

24. The Director-General was currently instituting measures within FAO to improve performance for both regular programme and UNDP-financed activities. The role of WHO country representatives in the preparation of basic material for the country programming exercises was being strengthened and innovations were being introduced in the formulation of WHO regular programme activities. In the six regional offices of WHO, responsibility for UNDP projects was being assigned to specially designated staff who would provide continued supporting technical and administrative services to the country representative. Within WHO

headquarters, co-ordination of UNDP activities was assured by a special unit, the unit for co-operative programmes for development. Moreover, a seminar had recently been organized with the participation of the directors of health services and chiefs of administration and finance of WHO's six regional offices, to consider appropriate measures to improve project implementation.

25. Those were but a few steps taken by WHO to enhance the efficiency and speed of its delivery of technical assistance. He was certain that any recommendation the Committee might wish to make on the subject would be given careful consideration by the Director-General as well as by the Executive Board and the World Health Assembly.

26. Regarding special measures in favour of the least developed among the developing countries, he stated that the Director-General of WHO was in the process of studying the recommendations of the third session of UNCTAD and of the fifty-third session of the Economic and Social Council and would submit proposals to the Executive Board of WHO and the World Health Assembly. As early as 1968 WHO had adopted special approaches, with greater flexibility, in order to ensure that the modalities of its assistance met the differing needs of the developing countries. The purpose of WHO in implementing that policy and programme had been to alleviate the burden of Governments, especially those of the least developed countries, which did not possess the necessary resources.

27. Mr. VARCHAVER (United Nations Educational, Scientific and Cultural Organization) wished to explain UNESCO's approach to its role as executing agency of UNDP. UNESCO presented three inter-related and important facets: the intellectual, the operational and the ethical. The member States of UNESCO had decided on a convergence of all activities around all three aspects. That convergence gave UNESCO its personality, its programme and its unity.

28. The operational aspect as related to development assistance had been a very special and continuing concern of the Director-General of UNESCO. With the support of the General Conference, he had established the principle of the unity of the programme and also of the integration of all budgetary resources. A further principle had been established: the gradual transfer of operational activities to extra-budgetary sources in conformity with two absolute criteria: requests from member States, and integration of those requests into national economic and social development plans.

29. Since the inception and evolution of UNDP, the Director-General had brought to the attention of every session of the Executive Board and General Conference the status of UNESCO's relationship with the principal extra-budgetary sources of funds which it dispensed. Thus the Director-General had been reporting for several years to the Executive Board under a separate item entitled "Co-operation with UNDP" all important aspects of that co-operation, including the

organization of participation in the country programming exercises and the relevant decisions adopted by the General Assembly, the Economic and Social Council, the Governing Council, the Inter-Agency Consultative Board, as well as on measures taken by him in accordance with those decisions.

30. From the very outset, UNESCO had taken the principle of country programming extremely seriously. It had welcomed its introduction and had made preparations for its participation in the first country programming exercises. Thus, in the four-month period from June to September 1971, the UNESCO secretariat had been engaged in meeting 47 requests for direct participation in country programming. Internally that had meant the assignment of 47 co-ordinating officers throughout the agency and the involvement of hundreds of secretariat members, from the Director-General down, an involvement which had been additional to their regular activities.

31. UNESCO felt that it had learned two important lessons from the initial experience. The first was the technique of making sectoral studies. The Director-General expressed the belief that it was necessary to give the developing countries a complete statement of the options open to them in the sectors for which UNESCO had responsibility. Such studies, it was felt, were a basic element of development planning and, as such, were bound to go beyond the limits of any one source of external financing. Indeed, the 1970 Consensus had rightly called for the integration of all aid, bilateral and multilateral, and a co-operative interdisciplinary and intersectoral approach. A small, but important, aspect of the first lesson for UNESCO had been the change from the traditional project approach to the programme approach.

32. The second constructive lesson had been the experience to be gained by assisting the UNDP Administrator, through the various collective means, to rationalize the procedures of the programme so as to provide member States with an efficient system for identifying, quantifying and programming their development needs. Even now, it would be presumptuous to draw any final conclusions about whether satisfactory machinery had been established by all concerned. Guidelines based on annual approval of country programmes still needed to be refined. Means to place technical knowledge at the disposal of resident representatives on other than an *ad hoc* basis needed to be established and were being studied.

33. At headquarters, UNESCO had restructured the Bureau of Relations with Member States and International Organizations and Programmes with a strong policy and programming unit to follow closely all aspects of the country programming exercises and maintain relations with UNDP. A co-ordinating body of principal directors from all departments concerned met regularly to follow the progress of the exercises and, when they had been completed, to identify and resolve the basic problems of the programme in each member State.

34. In the field, UNESCO's regional offices, centres and institutes which earlier had been concerned only with regional programmes, now extended their actions to meet at least in part the needs of the country programming exercises. UNESCO had sent high-level delegations to all the regional meetings of UNDP resident representatives.

35. UNESCO's Director-General had possibly anticipated the Capacity Study⁵ by deciding to change UNESCO's field representation. The whole question of representation in the field had been and continued to be under close study. In that connexion the Director-General had written to the Administrator of UNDP to inform him of UNESCO's willingness to consider a type of arrangement similar to that concluded between UNDP and FAO for the assignment of senior advisers to the resident representative offices.

36. In view of the importance of operational activities highlighted by many members of the Committee, he wished to inform the Committee that the Programme Commission of the UNESCO General Conference now meeting in Paris had recently adopted a resolution which, *inter alia*, invited the Director-General to report to the Executive Board, under a separate agenda item, with information on problems and difficulties encountered in the country programming exercises and on the secretariat's efforts to achieve a high rate of implementation of development co-operation projects financed by UNDP, etc. The same resolution invited the Director-General to report on other matters arising from UNESCO's over-all relations with UNDP as well as on measures taken by the Director-General in accordance with relevant resolutions of the United Nations system, in particular General Assembly resolution 2688 (XXV), and on the possible implications of the decision of the Economic and Social Council of 22 July 1970.

37. Mr. FRANCO-HOLGUIN (International Bank for Reconstruction and Development) said that the recent intensification of the traditionally close relationship between IBRD and UNDP, to which the Bank's President attached great importance, reflected the close relationship between the pre-investment and investment phases of project work which was essential to the success of the Bank's operations. Most of the pre-investment studies for which the Bank served as executing agency involved projects for which it expected to provide financing; thus, its execution of UNDP studies met a common concern of the country in question, UNDP and the Bank. Working relations with UNDP remained very satisfactory. It was to be hoped that the recent change in the internal organization of the Bank on the operational side, structuring it on a regional basis corresponding to the new UNDP pattern, would improve those relations still further. The fact that the Bank operated on a country-by-country basis made UNDP country programming complementary to the Bank's operations.

38. All operational contacts between UNDP headquarters and the Bank were handled through the

Technical Assistance Division in the Development Services Department of the Bank, thus ensuring effective co-ordination between UNDP and the Bank's technical and financial units. On the planning and programming level, the Bank was represented at all major UNDP meetings, including regional conferences of resident representatives, and all Bank missions except highly specialized ones had strict instructions to maintain close liaison with the resident representatives. UNDP, for its part, took part in Bank consultative group sessions. In that way, and through constant interchange of information, especially the country data included in the Bank's economic or sector reports, which were regularly used as an important input in UNDP country programmes, the two organizations worked together productively.

39. The Bank Group had continued to increase the scope and depth of its development assistance in all forms, most notably to the poorer countries in its membership, which included the least developed countries. Lending to the member countries designated as least developed by the United Nations would be trebled in the Bank's first five-year programme. The Bank Group agreed with the view that special efforts should be made to assist those countries, and was rapidly expanding its assistance to them. The second five-year programme, for the period 1974-1978, provided for substantially increased financial commitments to developing member countries, and an increasing proportion of those commitments would be in the form of IDA credits, which would be of particular benefit to the least developed countries.

40. Mr. TEFERRA (International Labour Organisation) said that almost nine years previously, the services responsible for the ILO's activity programmes had undergone a major reorganization, one of the effects of which had been to establish an organizational structure reflecting as far as possible the ILO programme structure and, through it, the principal constitutional and operational objectives of the ILO. The International Labour Office was organized in a number of departments, each of which bore the main responsibility for a major programme of activities. Four of those departments were known collectively as the major technical departments, and carried the primary operational responsibility for the ILO's substantive programmes. Technical co-operation activities were administered at the headquarters level by the Technical Co-operation Department and at the regional level by the regional departments through offices located in Addis Ababa, Lima, Bangkok and Geneva, and through their subordinate units in the field. Each regional unit was responsible for the general management, supervision and servicing of all field operations within its region, and maintained close contact with Governments, workers' and employers' organizations, UNDP resident representatives, regional bodies and the local offices of other bodies with which the ILO maintained relations. The regional directors and the Chief of the Technical Co-operation Department reported to the Deputy Director-General in charge of Field Programmes.

⁵ A Study of the Capacity of the United Nations Development System (United Nations publication, Sales No. E.70.I.10).

41. As to measures taken to reorganize the ILO's internal structure as recommended in the 1970 Consensus adopted by the Governing Council of UNDP, the Technical Co-operation Department had been reorganized to provide central management, co-ordination and control of technical co-operation activities and their efficient implementation, to supervise the over-all development of those activities and maintain the necessary relations with multilateral or bilateral aid donors and to provide certain essential central services. Those arrangements were in keeping with the desire expressed by the Economic and Social Council, deriving from paragraph 66 of the 1970 Consensus, that within each agency, one organization or unit should have central responsibility for the implementation of UNDP projects, since the Deputy Director-General in charge of Field Programmes, to whom both the Regional Departments and the Technical Co-operation Department reported, also provided the single channel of communications with UNDP headquarters on all matters relating to the administration of technical co-operation programmes and projects. Matters of central policy, procedures and programming affecting relations between UNDP and the ILO were dealt with by the Inter-Agency Consultative Board and its subsidiary organs.

42. The four main levels at which technical co-operation activities conducted by the ILO were reviewed at the legislative level were the International Labour Conference, the Governing Body, the regional conferences and the regional advisory committees. In 1967, the Conference had established a committee on technical co-operation and industrialization, and in 1971 it had established a committee to review activities under the World Employment Programme, which was financed substantially through UNDP. The Governing Body dealt with both substantive and administrative aspects of the ILO's technical co-operation activities. It had two committees dealing in particular with such activities, the Financial and Administrative Committee which considered the Director-General's programme and budget proposals and financial, personnel and other administrative questions including those relating to technical co-operation, and the Committee on Operational Programmes which kept under continuous review all aspects of the ILO's operational activities, whatever their technical field and however they were financed. The Committee participated in the elaboration of over-all programmes of technical co-operation, in order to maintain a proper balance between major technical programmes and between regions; co-ordinated the various technical co-operation programmes; considered problems arising in technical co-operation, including questions such as the association of employers' and workers' organizations in the preparation, implementation and evaluation of programmes and projects; suggested priorities, including those pertaining to technical co-operation financed under the ordinary budget, having regard to the aims and purposes of the ILO and its tripartite character and taking into account the priorities adopted by other intergovernmental organs responsible for allocating extra-budgetary resources for technical co-operation; reviewed the results achieved in the light of the aims

and purposes of the ILO; and examined the action to be taken on Conference decisions concerning technical co-operation. The regional bodies undertook a periodic review of technical co-operation activities at reasonable intervals; for example, the African Advisory Committee had held its fifth session in September and October 1972, to review and evaluate the ILO activities in Africa for the period 1969-1971. The provision of an opportunity for such discussion indicated the ILO's confidence in its value to Africa and its readiness to increase that value by learning from its African constituents.

43. The Governing Body was currently meeting at Geneva, and its Operational Programme Committee would be discussing, *inter alia*, measures to be taken in favour of the least developed and the land-locked countries. At the secretariat level, the ILO was preparing itself for participation in action under UNDP auspices, particularly in country programming relating to those countries.

44. Mr. PETERSON (Administrator, United Nations Development Programme) said he was encouraged to learn from the thorough consideration given by the Committee to the reports of the UNDP Governing Council and the Economic and Social Council that Governments in general fully supported the work carried on in UNDP during his first year as Administrator. UNDP's primary concern was to improve all aspects of its efficiency and ability to deliver development assistance. Underlying its efforts there were certain fundamental problems and basic interests.

45. First was the problem of resources. The restructuring carried out on the basis of Governing Council decisions since 1970 assumed that within five years the Programme's resources would double. The failure to realize that goal caused problems not only in connexion with restructuring but also in connexion with the allocation of resources for many important programmes, including additional assistance to the least developed countries. In approving the indicative planning figures for the first five-year programme period, 1972-1976, the Governing Council had adopted a figure of 9.6 per cent for the annual increase in resources, considerably lower than the 15 per cent which would have been required to double resources in five years. The current annual increase in resources was slightly over 8 per cent, with the result that there was a substantial overrun in programmes for the first five-year period.

46. Many delegations had referred to the adoption of new criteria for the indicative planning figures. The criteria in use during the first five-year period were based on historical factors. The needs of the less developed countries had now become a matter of paramount concern, and the Governing Council had instructed him to give special attention to the development of programmes tailored to their needs. Additional sources were a primary, but not the only, requirement for that task; steps had also been taken to ensure that the effectiveness and flexibility of UNDP's programmes would be tailored to meet the specific needs

of each country. However, the desire for new criteria for the indicative planning figures was not based solely on that question, but reflected a much broader concern with the equitable distribution of funds. Countries which had reached a certain level of development should act rather as donors than as recipients of UNDP assistance. There were many ways that could be accomplished, including an increase in their contributions to UNDP, and their participation to a greater extent in meeting the cost of individual UNDP projects of which they were the beneficiaries. Ideally, both those methods should be combined. It was in any event important for UNDP to retain its characteristic of universality with respect both to contributions and to the provision of assistance. The desire among some delegations to earmark portions of contributions for allocation to the least developed countries was understandable; a similar problem had arisen in regard to industrialization programmes, and he believed that UNDP had successfully accomplished the objectives Governments had in mind, without the handicap to which earmarking gave rise.

47. Many delegations had commented on the need for increased emphasis on inter-country and global projects. That was understandable, in that some of those projects had been among UNDP's most outstanding successes. Repeated reference had been made to the development of projects which could utilize scientific and technological know-how, and it had been felt that inter-country projects provided the most appropriate vehicle for such activity. The Governing Council had placed a limit of 18 per cent of total resources on the funds to be used for inter-country and global projects; as the number of such projects to which high priority was attached accumulated, he intended to discuss with the Governing Council a possible adjustment in that percentage. A prerequisite for any such action would probably be the phasing out of some of the older type of inter-country projects.

48. He shared the satisfaction of members of the Committee at the progress made in approving country programmes, as well as at the degree of co-ordination achieved between multilateral and bilateral donors, and agreed with the suggestion of a number of members that the executing agencies should be required to report annually to the Governing Council on their performance. The representative of Sweden had stressed at the fourteenth session of the Governing Council the importance of ensuring that the executing agencies were making the necessary changes in their structure and procedures to enable them to carry out the new country programming system efficiently.

49. Some members had expressed concern at the level of administrative costs. It was not possible to speak on that subject without referring to the basic assumption of the whole restructuring exercise, that the resources available would be doubled in five years. In the absence of such additional resources, the structure of UNDP and its administrative costs could not but be distorted. UNDP had proceeded on the assumption that the Governing Council wished it to have the capacity to handle a programme of twice the current

size at the end of the five-year period. Inevitably, therefore, the administrative costs during the first years of that period would be unusually high. He was making every effort to eliminate waste and inefficiency, and would be in a position to report to the fifteenth session of the Governing Council a reduction in the administrative budget.

50. Mr. HEYWARD (Deputy Executive Director, United Nations Children's Fund) welcomed the expressions of support by the Committee members for UNICEF's activities and for the draft resolution (A/C.2/L.1242) relating to increased contributions so that UNICEF could reach its target of \$100 million by 1975. The comments made on UNICEF's activities would be carefully considered; the Fund agreed with delegations that the new practice of discussing its activities in the context of related operational activities for development was extremely useful.

51. For a number of years, UNICEF had been increasing its aid to the least developed among the developing countries. The Executive Board at its session of April-May 1972 had supported programmes for those countries which were substantially above the normal level. UNICEF agreed with a number of delegations that its programme should be considered in the context of country programming. It had contributed to a number of country programming exercises and planned to extend that work to more programmes as circumstances and staff permitted. In so doing, it attempted, in co-operation with the national Ministries concerned, to bring into the consideration of country programming an overview of the various possibilities the programme could offer for improving the welfare and development of children and youth. UNICEF assisted projects having that objective, and co-ordinated its activities with those of other agencies whose social assistance had a special bearing on the problems of children and youth.

52. Mr. WHITE (Liaison Officer, United Nations Volunteers programme) said he was gratified by the expression of support from many members of the Committee, and particularly appreciated the additional financial contributions to the Special Voluntary Fund for the United Nations Volunteers which several delegations had announced. A number of representatives had pointed out that one of the major concerns facing the United Nations Volunteers programme at the current stage was the question of recruitment. In view of the continuing high level of interest in Volunteer work on the part of young people throughout the world, it was clear that the recruitment problem was structural rather than conceptual in nature; in other words, young people of dedication and talent were available, but the mechanism for bringing them into United Nations development activities needed improvement. The suggestion of several members that an in-depth study of the question should be made and that consideration should be given to whether the time had not, or would not soon, come when the United Nations Volunteers programme should assume direct responsibility for recruitment would be given particular attention. It had many important ramifications in terms

of relations within the international volunteer movement and with bilateral volunteer-sending agencies, as well as administrative, staffing and financial implications. The Administrator of UNDP and the Coordinator of the United Nations Volunteers programme had decided to give priority to such a study, and to report in due course, through the governing bodies, to the twenty-eighth session of the General Assembly.

AGENDA ITEM 44

United Nations Industrial Development Organization
(continued) (A/8703, chap. VIII; A/C.2/276/Rev.1):

- (a) Report of the Industrial Development Board (A/8716, A/C.2/L.1238, A/C.2/L.1252);
- (b) Report of the *Ad Hoc* Committee on Co-operation between the United Nations Development Programme and the United Nations Industrial Development Organization (A/8646, A/C.2/L.1239)

53. Mr. MASSONET (Belgium) said that, in his comprehensive introduction to the discussion on UNIDO at the 1475th meeting, the Executive Director had indicated that the Industrial Development Board had paid particular attention to assistance to the least developed countries and the programme of Special Industrial Services. His country had approved resolution 31 (VI) adopted by the Board at its sixth session (see A/8716, annex II) which invited the Executive Director of UNIDO and the Administrator of UNDP to give increased and continuing attention to the preparation of operational and supporting programmes in favour of the least developed among the developing countries. Resolution 35 (VI) on the programme of Special Industrial Services was also important and his delegation hoped that within the framework of that resolution it would be possible to meet the special industrial needs of the developing countries more effectively.

54. His delegation had also endorsed the proposal to convene a second General Conference of UNIDO in 1975 (Industrial Development Board resolution 33 (VI)), since the Conference would then be in a position to evaluate UNIDO's contribution to the International Development Strategy. It was therefore pleased to note that paragraph 1 of resolution 33 (VI) of the Board clearly established that connexion and that the Executive Director was taking action to that end.

55. UNIDO could best help the developing countries to develop and take full advantage of their industrial potential by selecting specific projects which, through their multiplier effect, would have a real impact on industrialization while at the same time assisting in the training of national qualified personnel. The Executive Director's description of the expansion of the programme was encouraging, both because of the sums involved and because of the choice of fields of activity.

56. His delegation was also glad to note the action taken within the framework of co-operation between UNIDO and IBRD. In his delegation's view, greater attention should be given to co-operation with other United Nations bodies in the development of UNIDO

activities. In that context, it should be noted that a large-scale development programme for the manufacturing industry, such as that planned by the World Bank, would undoubtedly have a stimulating effect upon UNIDO operations.

57. His delegation had always been of the opinion that UNDP should be the principal source of financing for UNIDO's operational activities. The additional efforts of several countries in the industrial sector were encouraging and, as his country had announced during the 1972 United Nations Pledging Conference on UNIDO,⁶ it would continue its assistance to the UNIDO General Trust Fund.

58. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) said his Government attached great importance to UNIDO, which was called upon to play a leading role in the United Nations system in the organization of international co-operation to accelerate industrial development, co-ordinate efforts and extend effective assistance to developing countries in implementing their industrialization policies. It was clear from the report of the Industrial Development Board on its sixth session (A/8716) and the other documents before the Committee that UNIDO continued to perform useful activities. His delegation welcomed the assistance UNIDO provided to the developing countries in preparing their industrial development plans; that side of its work should be encouraged. Among the programmes which his delegation particularly welcomed were those for industrial training, Group 16, and industrial information, Group 9, as well as the programmes of the Industrial Technology Division.

59. His Government contributed to the provision of assistance to developing countries, including the training of national staff. A large number of specialists from many developing countries were studying at enterprises and educational institutions in the Byelorussian SSR, and Byelorussian experts in many Asian and African countries were contributing to the construction of industrial and power complexes, transport systems, educational and research institutions and the training of local personnel. The industrialization of the developing countries was a complex task covering a whole range of economic and social problems, including the improvement of income distribution, the implementation of agrarian reforms, and increasing the role of the state sector. Industrial development plans in each country must be viewed in the broad context of social and economic change.

60. Attention had more than once been drawn to the need for a clear strategy for the industrialization of developing countries which would enable UNIDO and the other organizations in the United Nations system providing economic assistance to developing countries to programme their activities on a long-term co-ordinated basis. The developing countries themselves must have the final word in the determination of priorities, but UNIDO could and should assist in the preparation of their development plans. There had been

⁶ See A/CONF.57/SR.1 and 2.

an ample exchange of views on the strategy for industrialization, but many of the attitudes expressed would, if put into practice, leave untouched the basic problem of guaranteeing the economic independence of the developing countries and creating a fairer international division of labour. In particular, there was a theory that developing countries should primarily develop labour-intensive forms of production, small-scale industry and the capacity for processing agricultural products. However, without their own heavy industry base, the developing countries would continue to be in a subordinate position in the international capitalist system. The capital investment required to set up heavy industry was beyond their means. One way of increasing their internal resources would be for them to impose heavier taxes on the foreign capital which extracted vast profits from the exploitation of their human and natural resources. His delegation did not deny the potential of external sources of financing, but would stress that the developing countries must, as was their right, subordinate foreign capital to the fullest extent possible to their own national interests; the international organizations, including UNIDO, must take effective measures to assist them in creating conditions, including legal conditions, for the use of foreign capital which would prevent actions detrimental to those interests. It was unarguable that such actions took place; for example, the report of UNCTAD on restrictive business practices⁷ gave numerous examples of such practices as the sale of raw materials by multinational corporations to their affiliates in developing countries at prices many times higher than the market rate, as well as such methods as cartel agreements on imports, exports and discounts, restrictive licensing practices and the use of patents and trade marks. His delegation also wished to recall in that connexion an article which had appeared in *The Times* of London for 27 October 1972, which had stated that private investment would not alone suffice to solve the problem of shortage of capital in developing countries.

61. Examples had been given during the general debate of the damage caused to the interests of the developing countries by the instability of the international capitalist financial system. UNIDO should not ignore the negative effects of the subjugation of the economies of developing countries to the world capitalist economic system and, in his delegation's view, its current efforts to encourage the penetration of private capital into the developing countries were excessive.

62. In resolution 2823 (XXVI), the General Assembly had authorized the Secretary-General to appoint a group of high-level experts to formulate a long-range strategy for UNIDO. His delegation hoped that the group would make an important contribution to the development of such a strategy and would take into account the position of his delegation and of others holding similar views. Owing to the unclear situation with regard to its long-term strategy, UNIDO found it more difficult to exercise a central co-ordinating role in the provision of assistance to developing countries in the field of industrialization; there was duplication and overlapping and resources were wasted on a scat-

tered mass of small projects. For example, there was a considerable overlap between the activities of UNIDO and UNCTAD in relation to the transfer of technology. Admittedly, they were consulting each other on the joint implementation of projects, but the participation of many organizations in the discharge of any function must inevitably lead to a considerable waste of effort in agreeing on the contribution of each of them, thus delaying the implementation of projects and spreading the responsibility. In his delegation's view, the best course would be to concentrate the functions relating to the transfer of technology in one organization, preferably UNIDO.

63. The transfer of technology was only one example. There were considerable possibilities for increasing UNIDO's efficiency in co-ordination in other spheres of activity. For example, the report of the Joint Inspection Unit on some technical co-operation activities of UNIDO in Algeria and Tunisia⁸ indicated a number of specific cases in which UNIDO's efforts had been insufficiently co-ordinated with those of other organizations. In his delegation's view, the useful practice of submitting to the Board documents assessing such specific activities of UNIDO as publications, the programme of Special Industrial Services and co-operation with individual countries should continue.

64. His delegation believed that in view of the complex nature of industrialization in the developing countries, UNIDO's activities should cover such questions as the development of infrastructures and power supply and the use of natural resources. The fact that it did not do so impaired its effectiveness and overburdened other United Nations organs. It was therefore to be hoped that the Permanent Committee of the Industrial Development Board would submit to the seventh session of the Board a positive recommendation in that respect.

65. His delegation believed that the most suitable date for the proposed second General Conference of UNIDO would be 1975. It opposed the provision of assistance through UNIDO to Israel, which continued to occupy the territories it had captured as a result of aggression and to commit acts of piracy against the peaceful population of neighbouring Arab countries. In 1972, 10 projects had been implemented in Israel, while one project was planned for implementation in 1973. In his delegation's view, assistance to Israel should be completely terminated.

66. UNIDO's administrative expenditure was rising too rapidly. In 1973 it was planned to increase that expenditure by \$1,175,000. UNIDO's secretariat should take effective measures to prevent the rise in such costs, in order that more resources could be freed for assistance and research programmes.

67. The success of UNIDO's activities depended to a large extent on its use of the experience of all countries which had successfully industrialized. It was regrettable that the principle of equitable geographic distribution was not always followed in staffing

⁷ TD/122.

⁸ E/5181.

UNIDO, and that situation must be remedied. Like other delegations, his own could not overlook the fact that one of the 10 most advanced industrialized countries in the world, the German Democratic Republic, was excluded from participation in UNIDO's activities. That country had achieved remarkable success in industrialization, and its contribution to UNIDO's activities would undoubtedly be extremely beneficial both to UNIDO and to the developing countries. The time had long since come when the United Nations should acknowledge the legal right of the German Democratic Republic to participate in the activities of UNIDO and of all other organs of the United Nations.

68. Mr. BENCHEIKH (Algeria) said that the establishment of UNIDO at the twentieth session of the General Assembly (resolution 2089 (XX) of 20 December 1965) had brought hope to the developing countries, which viewed it as an instrument to serve the cause of development. However, it had fallen short of meeting their expectations. UNIDO should have contributed actively to the over-all development of the developing countries, supplementing their own efforts in that regard, in order to fulfil its important task effectively. Its success depended on international co-operation. Yet, at a time when official assistance from the developed countries was constantly decreasing, there was a disturbing decline in contributions to UNDP. One might well ask what would become of the commitments undertaken by certain countries within the framework of the International Development Strategy.

69. It was hardly necessary to recall what had happened at the 1972 Pledging Conference on UNIDO, where the majority of the countries in Group B had sought refuge behind their UNDP contributions, although it was well known that UNDP had not been able to reach the modest growth rate of 9.6 per cent which it had set for itself. It was regrettable to note that the resources of UNDP were so limited that regional, interregional and global projects were compromised and the activities of UNIDO could not be intensified for lack of funds. It was equally regrettable to see UNIDO deprived of the much-needed experience and financial contributions of a group of developed countries.

70. As to the doubts entertained by some regarding the competence of UNIDO, his delegation welcomed the report of the *Ad Hoc* Committee on Co-operation between UNDP and UNIDO, which showed that UNIDO was becoming an essential organization, that its normal growth would be assured if it had a larger measure of autonomy and that any necessary co-ordination should not compromise that growth.

71. His delegation was pleased with the agreement between the executive heads of UNDP and UNIDO concerning the programme of Special Industrial Services. Closer consultations between the secretariats of the two agencies would lead to more rational methods of work and increased efficiency. His delegation supported the recommendation for the holding of

the second General Conference of UNIDO in 1975, in accordance with the provisions of Industrial Development Board resolution 33 (VI).

72. Turning to the long-term strategy of UNIDO, his delegation believed that, in regard to the transfer of technology, UNIDO should not confine itself to recruiting experts from the industrialized countries to serve in developing countries, but should expand its activities in the industrialized countries in order that the third world could benefit by their technological experience. UNIDO should continue to act as an intermediary in the transfer and adaptation of technology and should strengthen its relations with the interested official bodies in the developed countries. In that way, the developing countries would be able to choose the technologies and experts that could be of service to them.

73. In addition, UNIDO should direct its assistance more towards the primary industries, like iron and steel, chemicals and petrochemicals. It should also extend its activities to the extractive industries in order to promote the rational exploitation of natural resources within the framework of the development plans and programmes of the developing countries. UNIDO's vocational training programmes should give greater attention to the training of middle-level administrative personnel, who were the basis for any genuine policy of industrialization. One field in which UNIDO had not yet been sufficiently active was the improvement of the international industrial property system. The existing system was particularly expensive for the developing countries, and UNIDO could be of service to them in that connexion.

74. Mr. PRASAD (Fiji) said that the year 1972 had been crucial in defining the relationship between UNIDO and UNDP. In his delegation's view, the *Ad Hoc* Committee on Co-operation between UNDP and UNIDO had made an excellent contribution in that respect. His delegation welcomed the fruitful consultations which had taken place between high-level officials of the two organizations on such matters as UNIDO's central co-ordinating role in the industrial field and the question of introducing new machinery to respond to new needs, and looked forward to seeing the agreed principles resulting from continued consultations.

75. UNIDO already played an important role in industrial development, particularly in small, labour-intensive industries in developing countries, and his delegation hoped that that role would expand in the years ahead. His country had complete confidence in the relevance of UNIDO's objectives to its own needs and, despite its small economy, had recently pledged a token contribution to UNIDO. However, his delegation, like others, had been disappointed with the contributions to UNIDO made by some of the major industrialized countries, *inter alia*. UNIDO could offer the developing countries considerable assistance in achieving the goal of an annual growth rate in manufacturing output of at least 8 per cent during the Second United Nations Development Decade if it received the support it deserved.

76. He welcomed the co-operation which existed between UNIDO and the World Bank Group. UNIDO would be able to stimulate increased efforts by the developing countries in preparing and evaluating industrial projects which would qualify for financing not only by the World Bank but also by regional banks and major bilateral and multilateral sources of external finance, in addition to domestic sources. However, while the advice of project experts was welcomed by the developing countries when it was requested, the over-selling of unsolicited projects and experts could be counterproductive and could constitute an unnecessary imposition on the host country.

77. His delegation whole-heartedly supported the proposals for special assistance to the least developed and land-locked developing countries, but wished to draw the attention of UNIDO and other agencies to the special problems of developing island States, like his own country and others in the South Pacific. They required particular attention because of their remoteness, their special internal transport problems and their size. The lack of local industrial development in those States made them excessively dependent on imports of industrial commodities, thus aggravating their other economic problems.

78. His delegation looked forward to receiving the report of the group of high-level experts on the long-range strategy of UNIDO, which it hoped would identify the export-oriented industries of developing countries and the most expeditious methods of promoting them.

Mr. Gobba (Egypt), Vice-Chairman, took the Chair.

79. Mr. AL JABER (Jordan) expressed his delegation's appreciation to the Executive Director of UNIDO and the Assistant Administrator of UNDP for their statements (1475th meeting).

80. The opposition between industrialization and agriculture was only an academic question, for the two sectors complemented each other in practice. Industrialization, which was a prerequisite for balanced economic growth, was a new activity for most developing countries. In that context, UNIDO was coming to play a vital role as the principal organ for the co-ordination of the activities of the United Nations system in the field of industrial development. Its performance during the six years since its establishment had been remarkable. According to annex I of the report of the Industrial Development Board on its sixth session (A/8716), it had assisted a large number of developing countries in connexion with projects in the chemical, paper, fertilizer and pharmaceutical industries, among others. UNIDO was to be commended for its ability to pursue so many projects with limited resources. If the complicated process of industrialization was to be accelerated smoothly, more financial resources should be allocated to UNIDO. That was the real problem, and not the so-called delivery lag or project priorities.

81. In his own country, industrialization was a recent phenomenon and most industries had been established

in the previous two decades. However, industrial income had increased at a rapid rate, averaging 12 per cent annually, and had accounted for 10 per cent of the gross domestic product in 1971. Phosphate, cement, cigarettes, leather, petroleum refining, fodder, paper, batteries and iron were among the principal industries. After the war of June 1967 the pace of economic development, including industrial growth, had slackened. However, the Industrial Development Centre, with the assistance of UNIDO, had held a number of training seminars for the staff of industrial enterprises and had prepared feasibility studies for the ceramics, tannery and plywood industries, as well as others.

82. His country's economic development plan for the period 1973-1975 assigned priority, in terms of planned investment, to industry and other directly productive sectors. The basic industrial objectives of the plan were to increase industrial income by 48 per cent, to create new job opportunities, to achieve a more balanced geographical distribution of industrial activity, to expand industrial exports and to upgrade manpower skills and improve industrial productivity. In order to achieve them, 26.1 million Jordanian dinars were to be invested over the period in question. The most important policy measures to be adopted in connexion with the plan included the establishment of an industrial development corporation, the provision of more generous tax and other incentives for local and foreign investors, the establishment of an industrial estate in the Amman area and a free industrial zone in the port of Aqaba and the revision of policies relating to the licensing and protection of industries. The plan included major projects in the fertilizer, mineral, ceramics, glass and paper industries.

83. His delegation had joined in sponsoring draft resolutions A/C.2/L.1238 and A/C.2/L.1239.

84. Mr. HAMID (Sudan) said his country had been associated with the progress of UNIDO since its establishment and could testify to the Executive Director's efforts to fulfil the purposes of General Assembly resolution 2152 (XXI) and to introduce the necessary innovations in UNIDO's operational activities.

85. UNIDO had made considerable progress in all its major fields of activity; if it was requested to do more, additional resources must be placed at the disposal of its Administration. The funds it received from various sources were still too limited to fulfil a wide range of expectations, and its activities were impeded as a result.

86. His delegation appreciated the fact that the volume of technical assistance provided by UNIDO for projects in the developing countries, covering a wide field of industrial activity, had been constantly increasing. The progress envisaged in UNIDO's work programme would involve operational activities as well as supporting field activities; the latter type of activity was needed most. A new formula should be found for technical assistance from UNIDO and other multilateral sources which would concentrate aid as far as

possible in specific fields where there would be a multiplier effect. The needs of the developing regions were particularly apparent in such fields as the promotion of small and medium-sized industries. The wide range of UNIDO activities in those fields, especially in African countries, was to be commended. However, an increase in the number of industrial field advisers must be considered if such operations, and particularly those falling under the programme of Special Industrial Services, were to expand and gain momentum.

87. The programme of Special Industrial Services, which had proved well adapted to deal with problems as they arose, on short notice and through accelerated and simplified procedures, played an important role in the operational activities of UNIDO. Since the programme was in the interest of the developing countries, it should be consolidated and developed as a separate element. The continuation of that programme under the new UNDP country programming system had been endorsed by all governing bodies concerned, and the programme should be encouraged through the provision of more resources. Its rapid rate of expansion since 1967 was yet another proof of its dynamism. In implementing the programme as the main element of short-term planning outside the long-range strategy of industrial development, close co-operation between UNIDO and UNDP was essential for the effective implementation of the programme projects.

88. Co-operation between UNIDO and UNDP and the co-ordinating function of UNIDO occupied a prominent position in the dialogue on the present and future role of UNIDO. Since the introduction of the new country programming system would evidently result in a substantial increase in UNIDO's operational activities, it would lead to a stronger and more direct relationship between the two bodies. His delegation welcomed the recognition by the *Ad Hoc* Committee on Co-operation between UNDP and UNIDO of UNIDO's central role in industrial co-ordination, and hoped that all the organs in the United Nations system would help to strengthen that role. The *Ad Hoc* Committee had recognized that continuous consultations between UNIDO and UNDP were desirable, but it remained to be seen whether practical results would follow.

89. It was interesting to note that UNIDO's share of industrial development activities within the United Nations system represented only 15.5 per cent of the total, as compared with 33 per cent for FAO, 16 per cent for UNESCO and 13 per cent for the ILO. The time had come to consider ways of changing the relative shares of the agencies so as to increase UNIDO's share in industrial development activities. Although UNIDO had made considerable progress in co-ordination, it should develop an over-all strategy for the promotion of industrial development which would provide standards for the formulation of industrial development programmes to be met by the organizations of the United Nations system.

90. The role of UNIDO in connexion with assistance to the least developed countries should be further

strengthened. What those countries required was not advice but co-operation with UNIDO with a view to initiating activities which would later be sustained by local resources with the aid of carefully selected foreign assistance and technology, as the Executive Director of UNIDO had stated at the sixth session of the Industrial Development Board. The operational activities carried out by UNIDO in assisting the least developed countries deserved encouragement. The fact that the programme of Special Industrial Services had been an effective instrument in furnishing assistance to those countries provided further justification for the continued operation of the programme.

91. Industrial Development Board resolution 31 (VI) represented a breakthrough in dealing with the problem of the least developed countries in pursuance of the objectives of UNCTAD resolution 62 (III). However, his delegation still expected UNIDO to elaborate a set of measures particularly tailored to the needs of those countries and to allocate a greater share of its resources to them. He pointed out that what had been done by UNIDO in the past in countries now included in that category did not necessarily fall within the context of the special measures drawn up for the least developed countries. Thus, much more remained to be done by UNIDO in that regard, including the elaboration of specific programmes in the industrial field in accordance with the relevant paragraphs of UNCTAD resolution 62 (III). The conference planned for 1973 with the participation of the Ministers of Industry of the least developed countries in Africa would provide an opportunity to develop and promote such programmes.

92. The second General Conference of UNIDO, which would review the problems of industrialization during the Second United Nations Development Decade, should not lose the momentum generated by the Special International Conference in 1971. It should follow up the recommendations of that Conference, as well as those of the group of high-level experts appointed to formulate a long-range strategy for UNIDO, and should heed its request that continuing attention should be accorded to the application, adaptation and development of technology and to the building of an adequate institutional infrastructure in the developing countries. A basic element in UNIDO's long-range strategy would be the strengthening of its role so as to assist the developing countries in reaching the target of an average annual growth rate of 8 per cent in manufacturing output during the Second Decade. General Assembly resolution 2152 (XXI) and the resolution of consensus on the long-range strategy, structure and financing of UNIDO adopted by the Special International Conference on 8 June 1971⁹ provided useful guidelines in that connexion.

93. The reorientation of UNIDO's future activities should cover the formulation and implementation of industrial policies and programmes and the problems of existing industries, as well as the transfer of technology to the developing countries for the promo-

⁹ See A/8341/Rev.1, chap. II.

tion of their industrial development and the identification of more appropriate technologies of production that suited their requirements. The group of high-level experts was also called upon to formulate concrete recommendations on ways of reinforcing the role of UNIDO and enabling it to carry out effectively the functions entrusted to it, including any new functions that the experts might recommend. It was essential for UNIDO to become an effective instrument for assisting the developing countries in formulating and implementing long-term industrialization policies, plans and programmes, and the group of high-level experts must explore many possibilities with a view to that objective. His delegation had great confidence in the group and expected its work to lead to satisfactory results. Indeed, the process of drawing up a long-range strategy for UNIDO might not be so difficult a task as the implementation of the strategy finally agreed upon, which would require a mobilization of political will. Again, adequate resources would be necessary if goals and programmes were to be translated into action. In conclusion, he recalled that his delegation had joined in sponsoring draft resolutions A/C.2/L.1238 and A/C.2/L.1239.

94. Mr. HUTAGULUNG (Indonesia) said that Indonesia was aware of the importance of industrialization in accelerating economic and social development and of the key role UNIDO could play in that respect in the third world. His country had supported UNIDO from the outset and would have increasing need of its services in the future. He therefore welcomed the significant increase in the provision of industrial services by UNIDO during the Second United Nations Development Decade. At the same time, he shared the concern of the Executive Director at the continuing insufficiency of financial resources and the cancellation of the planned Asian meeting for financing industry. Many members of UNIDO, particularly the developing countries, had commented on the seriousness of the financial situation, notably at the Special International Conference the previous year. He looked forward to the recommendations of the group of high-level experts concerning the financial problems and echoed the Secretary-General's appeal to all member Governments, particularly those of the developing countries, to increase their contributions.

95. His delegation particularly welcomed the continuing increase in UNIDO's operational activities. The growing awareness of the importance of industrialization and the UNDP system of country programming, which facilitated that process in the third world, had had a favourable effect on the activities of UNIDO as a whole. It was therefore only proper that co-operation between UNIDO and UNDP should be maintained and strengthened. In that connexion, he welcomed the establishment of the *Ad Hoc* Committee on Co-operation between UNDP and UNIDO, whose recommendations he endorsed. He attached particular importance to the Special Industrial Services programme considered by the *Ad Hoc* Committee (A/8646, paras. 11-13) since it was of great benefit in restoring and developing his country's industrial potential. He recalled that at the fourteenth session of the UNDP

Governing Council his delegation had supported the proposed guidelines for the Special Industrial Services programme and had stated that it should constitute a separate programme financed from the UNDP reserve fund. It also felt that more emphasis should be given to regional, subregional and interregional projects in the Special Industrial Services programme. He urged the Committee to adopt draft resolution A/C.2/L.1239, of which his delegation was a co-sponsor.

96. Indonesia was also a co-sponsor of draft resolution A/C.2/L.1238, which reflected its view that the second General Conference of UNIDO should be held early in 1975 to coincide with the mid-term review of the Second United Nations Development Decade. The date had been chosen because one of the most important tasks of the Conference would be to review the progress of industrialization during the Second Decade. He shared the hope expressed by the Industrial Development Board that funds would be made available for that purpose.

97. With regard to the long-term strategy of UNIDO he stressed that, as the Executive Director had said, the developing countries were concerned above all with the problems of unemployment and mass poverty. They needed industries which could substitute labour and local materials, which they had in abundance, for the capital and foreign exchange reserves they lacked. UNIDO should therefore give the highest priority to the establishment of labour-intensive industries in the developing countries.

Mr. Rankin (Canada) resumed the Chair.

98. Mr. ARUEDE (Nigeria) expressed his delegation's appreciation for the work of the *Ad Hoc* Committee on Co-operation between UNDP and UNIDO. It was gratifying to see from the report of the Committee and the comments of the UNDP Governing Council, the Industrial Development Board and the various delegations that the aim of improving communications between UNDP and UNIDO had been achieved. The most important result of the work of the *Ad Hoc* Committee was the establishment of machinery for periodic consultations on common problems and the review of programme guidelines. If adopted, paragraph 8 of draft resolution A/C.2/L.1239 would enable the UNDP Governing Council and the Industrial Development Board to be kept informed of the results of those consultations.

99. The guidelines agreed upon by the Governing Council and the Board for the operation of the programme of Special Industrial Services were of special importance. In order that the programme could function in the best interests of the developing countries, there was a need for flexibility in the interpretation of rules and regulations, particularly with regard to the cumbersome but inevitable system of joint approvals.

100. His delegation agreed with earlier speakers that industrial field advisers played a useful role, par-

ticularly in connexion with country programming. It hoped that UNDP would, as envisaged, provide the funds necessary to increase their numbers. The advisers should not, however, be allowed to dictate the priorities in any country programme. Their role, like that of the agencies, should be to advise, consult and generally co-operate with the host Government at whatever level it desired.

101. He stressed that the continuing inadequacy of resources was the greatest obstacle to any efforts to improve relations between UNIDO and UNDP. The richer Members of the United Nations should therefore do all within their power to increase their financial support to both UNIDO and UNDP.

102. The CHAIRMAN announced that Romania and Venezuela wished to add their names to the list of sponsors of draft resolutions A/C.2/L.1238 and A/C.2/L.1239.

103. Mr. LOBANOV (Union of Soviet Socialist Republics) stated that his delegation considered industrialization, together with the settlement of the agrarian question, to be the key to economic and social progress in the developing countries. That belief was the basis on which it evaluated the activities of UNIDO itself and of the Industrial Development Board. His delegation approved in general of the decisions adopted at the sixth session of the Industrial Development Board concerning the activities of UNIDO and of the basic orientation of its work during the period 1972-1974. UNIDO had won the recognition of the other bodies in the United Nations system and, more important still, of the developing countries.

104. Attempts to solve the ever more complex problems with which UNIDO was faced had been made at the Special International Conference in 1971. In the view of his delegation, the recommendations adopted at that Conference should be seen rather as a first step towards the evolution of a long-term strategy than as a final solution. He therefore welcomed the work being done on the future activities of UNIDO by the group of high-level experts.

105. The success of the United Nations effort to aid the developing countries through industrialization was closely dependent on the extent to which UNIDO contributed to the planned development of their economies and to the introduction of progressive social and economic changes. His delegation had drawn attention at the first Special International Conference to the attendant complex problems, such as the need for sweeping democratic agrarian reforms, the introduction of State planning, equitable taxation and distribution of national income and measures to eliminate unemployment and to solve employment problems, which were inevitably linked with the process of industrialization in developing countries. While the key to the solution of such problems lay in the hands of the developing countries, it would be wrong to underestimate the great possibilities of the United Nations system, and in particular of UNIDO, for providing

appropriate assistance to the countries of Asia, Africa and Latin America.

106. Of the resolutions adopted at the sixth session of the Industrial Development Board, his delegation attached great importance to resolution 32 (VI) concerning the establishment of the Permanent Committee of the Industrial Development Board, resolution 35 (VI) on the programme of Special Industrial Services, which called for increased UNDP financing for that programme, and resolution 31 (VI) on aid to the least developed among the developing countries. He expressed the hope that the General Assembly would take a favourable view of those decisions of the Industrial Development Board.

107. The representative of the Soviet Union had also stressed at the sixth session of the Industrial Development Board that the economies of the developing countries could develop successfully only if their Governments adopted effective planning methods, promoted the utilization of domestic and international resources, strengthened State-run industry and ensured that the private sector of the economy served national interests. It was clear that UNIDO had often neglected that side of the problem and had attempted to disregard the real dangers which lay behind the uncontrolled attraction of foreign capital into the immature economies of the developing countries. UNIDO should concentrate firstly on supporting the efforts of the developing countries themselves to mobilize their domestic manpower, natural and financial resources. When the developing countries were nevertheless forced to have recourse to foreign resources as an additional source of financing, UNIDO should ensure that the foreign capital was made available to the developing countries on advantageous and favourable terms and that they were protected against neo-colonialist exploitation by the Western monopolies. He stressed the need to ensure that the establishment of links between international financial circles and the industry of developing countries did not increase the domination of foreign interests over the economies of Asia, Africa and Latin America. In that connexion his delegation had grave misgivings about the proposal to establish within UNIDO a special unit financed from UNIDO funds to deal with joint UNIDO-IBRD industrial projects. There did not appear to have been any special discussion of that proposal in the Industrial Development Board. His delegation was very anxious to receive further details of the proposal from the representative of UNIDO.

108. It was important that the developing countries should be able to benefit from the current technological revolution. He supported the efforts of UNIDO with regard to the transfer of technology and stressed the need for UNIDO to become the principal United Nations organ in that field. While the Economic and Social Council should maintain over-all responsibility for co-ordination, UNIDO should play a determining and active role in the activities of all United Nations organs concerned with industrial development.

109. For its part, his country would continue to promote scientific and technological progress in the

developing countries by ensuring that they had access to modern technology and knowledge. The USSR co-operated actively with UNIDO in providing assistance to the developing countries in the training of national personnel. The Soviet Union, which would be solemnly celebrating the fiftieth anniversary of its foundation in December 1972, had provided—and would continue to provide—economic, scientific and technical assistance to the developing countries. During the period 1963-1971 it had provided a total of more than 5,600 million roubles in soft loans. The USSR currently had agreements on economic, scientific and technical co-operation with 44 developing countries. There were currently in operation some 500 industrial enterprises and 80 educational establishments constructed by the Soviet Union in the developing countries. The Soviet Union was carrying out an extensive programme to establish and strengthen diversified structures and to develop the basic branches of the economy of the developing countries. His delegation could not therefore agree with the tendency which had sometimes become apparent within UNIDO to limit its activity only to the field of manufacturing industry. If UNIDO was more broadly concerned with questions relating to power supply and the utilization of natural resources, that would contribute to the speedy and over-all solution of the problem of industrial development in the developing countries.

110. He recalled that at the Special International Conference of UNIDO the socialist countries, supported by the Group of 77, had submitted a proposal to the effect that the organization should include in its sphere of activities the question of the utilization of natural resources. Moreover, many delegates to the sixth session of the Industrial Development Board had said that industrialization was inconceivable unless that problem was given due consideration. It was no mere chance that a number of delegations had proposed that the Executive Director should prepare for submission to the General Assembly after consideration by the Industrial Development Board an over-all plan for the gradual transfer to UNIDO of all United Nations activities relating to the utilization of natural resources. His delegation fully supported all measures taken in that direction.

111. Much attention had been devoted during the previous year to the question of co-ordinating the activities of UNDP and UNIDO. His delegation welcomed as a whole the valuable work done in that respect by the *Ad Hoc* Committee on Co-operation between UNDP and UNIDO and had no objection to the adoption of its report (A/8646). The final decision on questions relating to co-ordination between UNIDO and UNDP should be taken at the intergovernmental level in the ruling bodies of those organs.

112. His delegation supported the proposals put forward during the discussion concerning the allocation through UNDP of an increasing volume of resources to industrial development, including the programme of Special Industrial Services.

113. Having studied the report of the Industrial Development Board on its sixth session (A/8716), and

particularly chapter VI, his delegation felt compelled to draw attention to the continuing failure to observe the principle of equitable geographical distribution with regard to the Socialist countries in recruitment to the UNIDO secretariat, particularly at the higher levels. He hoped that the necessary measures would be taken to correct that situation. Nor could his delegation accept the increase in the administrative budget and costs for 1972 and future years. The increasing demands placed on UNIDO should be met by improving productivity, raising the qualifications of the staff, reducing the number of administrative personnel and increasing the number of operational personnel.

114. In order to increase efficiency, there must also be more rational utilization of the facilities and resources of both UNIDO and the United Nations system as a whole. Efficiency would also be increased if membership in UNIDO was open, on a basis of equality, to all countries which supported and implemented the purposes and principles of the United Nations and were willing and able to contribute to the universal task of ensuring social and economic progress. That applied particularly to the German Democratic Republic, whose participation in the work of UNIDO would benefit not only that organization but also all the developing countries.

115. His delegation was prepared to support, with certain reservations, both draft resolution A/C.2/L.1238 and draft resolution A/C.2/L.1239, provided that strict account was taken of the financial implications of those resolutions. His delegation would prefer the Conference referred to in the first of the draft resolutions to be called the "second Special International Conference" in conformity with the terminology used in General Assembly resolution 2823 (XXVI).

116. Mr. CHRISTOFOROU (Cyprus) expressed his Government's appreciation for the work of the Executive Director of UNIDO. His Government was particularly grateful for the advisory mission sent to evaluate the various opportunities for industrial development in his country.

117. World economic and social progress was an essential element of world order because it promoted peace and stability. Despite the progress so far achieved through the United Nations, the gap between the developed and the developing countries had widened. Responsibility for an economic progress which would assist the developing countries in achieving an equitable share of the world's wealth rested primarily with the developing countries themselves. However, the international community, through the United Nations, must lay the foundation for equitable world trade and industrial development. The richer countries had a leading role to play in the success of the Second United Nations Development Decade. The developing countries must be given the opportunity to gain free access to markets in the developed countries for their primary commodities, manufactures and semi-manufactures.

118. His delegation fully agreed with the report of the *Ad Hoc* Committee on Co-operation between UNDP and UNIDO. He was pleased to hear that UNDP was ready to assist UNIDO in implementing its co-ordinating role by consulting it in advance on all projects in the field of industry. Close co-operation between the two bodies was needed to overcome the economic gap between the developed and developing countries. The problem should be approached by the international community as a common responsibility. The discussions at the third session of UNCTAD were an indication of the complete interdependence between developing and developed countries. It was the bounden duty of the international community to work together to remedy its problems.

119. His delegation approved the guidelines for the operation of the programme of Special Industrial Services proposed by the Industrial Development Board in resolution 35 (VI) and endorsed by the UNDP Governing Council at its fourteenth session. His country welcomed the system of consultation machinery and the periodic meetings to be held between the Administrator of UNDP and the Executive Director of UNIDO, referred to in paragraphs 20 to 24 of the report of the *Ad Hoc* Committee on Co-operation between UNDP and UNIDO (A/8646). There was no doubt that further co-ordination of the efforts of UNDP, UNIDO and IBRD could yield fruitful results and would strengthen the United Nations system.

120. His delegation welcomed the decision of the Governing Council of UNDP to increase the number of industrial field advisers to 50 in 1973 in order to cover the 100 developing countries more adequately. It also welcomed the World Bank Group's plan to increase its aggregate financing for the manufacturing industry in the developing countries to over \$3,000 million. His delegation fully supported the proposal for convening the second General Conference of UNIDO at the beginning of 1975. By that time it would be possible to judge the success or shortcomings of the Second United Nations Development Decade and amend or strengthen efforts in specific areas of development needing attention.

121. His delegation fully supported draft resolutions A/C.2/L.1238 and A/C.2/L.1239 and wished to become a co-sponsor of both.

122. The CHAIRMAN asked the representative of the Philippines whether the co-sponsors of draft resolution A/C.2/L.1238 could accept the USSR suggestion regarding the title of the resolution and of the Conference.

123. Mr. VERCELES (Philippines) said that the Netherlands had asked to be included in the list of co-sponsors of draft resolution A/C.2/L.1238.

124. With regard to the USSR suggestion that the co-sponsors should use the wording in General Assembly resolution 2823 (XXVI) for the title of the resolution and the Conference, he said that a consensus had been reached on the title of the Conference at the sixth ses-

sion of the Industrial Development Board. The title had been changed to "General Conference of UNIDO" because such conferences were intended to be general rather than special. Both paragraph 99 of the report of the Industrial Development Board on its sixth session (A/8716) and resolution 33 (VI) of the Board in annex II of the report, referred to the "second General Conference of UNIDO". He had not had an opportunity to consult the other co-sponsors but, on behalf of his own delegation, he said that the titles of the resolution and the Conference should remain unchanged.

125. Mr. LOBANOV (Union of Soviet Socialist Republics) said that it was not altogether logical to refer to a second General Conference if there had not been a first General Conference. General Assembly resolution 2823 (XXVI) referred to the Special International Conference. In his delegation's view, for the purpose of ensuring consistency in terminology, it would be preferable to use the wording in the General Assembly resolution. However, since it was not a matter involving the substance of the resolution, he would not insist on his suggestion.

126. The CHAIRMAN said that the Committee must vote on draft resolution A/C.2/L.1238 as soon as possible, because the first meeting of the Permanent Committee of the Industrial Development Board, which was to act as the preparatory committee for the Conference, was to be held on 4 December 1972. The draft resolution must therefore be passed to the Advisory Committee on Administrative and Budgetary Questions, the Fifth Committee and the plenary Assembly before that date. He had the impression that the draft resolution was generally acceptable to the Committee and asked whether it could be unanimously adopted.

127. Mr. LOBANOV (Union of Soviet Socialist Republics) said that he would like to speak on document A/C.2/L.1252 concerning the financial implications of draft resolution A/C.2/L.1238. In his delegation's view, the total estimated cost of the preparations for the conference was rather too high. Some of the expenses could undoubtedly be covered from funds and resources released during the execution of certain UNIDO projects. The Secretary-General had stated that as a result of the completion of some United Nations projects, every year 10 per cent of the budgetary and human resources of the United Nations was released. Some of the staff needed to prepare for the Conference could be taken from that 10 per cent reserve. That would represent a substantial saving in expenditure in the carrying out of the preparatory work in 1973, 1974 and 1975. His delegation regarded the need for economy as an important matter in view of the Secretary-General's statement to the Economic and Social Council and the joint ACC/CPC meeting regarding the financial situation of the United Nations. His delegation reserved the right to state its position on the financial implications in the Fifth Committee when the latter took up document A/C.2/L.1252.

128. Mr. ABHYANKAR (India) said that in the absence of specific instructions from his Government his delegation could not co-sponsor draft resolution

A/C.2/L.1238. However, it was clear from its statements in the Committee and in the Board that his delegation supported the draft resolutions and the consensus thereon.

129. The CHAIRMAN said that, if he heard no objection, he would take it that draft resolution A/C.2/L.1238 was adopted by consensus.

It was so decided.

130. The CHAIRMAN asked the Committee to take up draft resolution A/C.2/L.1239.

131. Mr. VERCELES (Philippines) said that, after draft resolution A/C.2/L.1239 had been introduced, the co-sponsors had held consultations and had decided on the following amendments: in paragraph 3 the word "all" should be deleted; the semicolon at the end of paragraph 4 should be replaced by a comma; and the words "taking into account the nature of Special Industrial Services projects which are designed to meet unforeseen and urgent requirements" should be added. In paragraph 5, the word "principles" should be replaced by the word "guidelines".

132. Mrs. STRÖJE-WILKENS (Sweden), speaking on behalf of the Nordic delegations, said that she supported draft resolution A/C.2/L.1239 in general, but that the wording was somewhat imprecise in paragraphs 3, 4, 5 and 10. In paragraph 3, the wording was categorical, whereas in fact it was difficult to delineate a "project in the field of industry". As it stood, the wording might give rise to a rigid system which would delay project implementation and ultimately harm the developing countries. She suggested that the paragraph should end with the words "its co-ordinating role"

and that the rest of the sentence should be deleted. Although she welcomed the amendments to paragraph 4 proposed by the representative of the Philippines, the Nordic delegations had a proposal which might make the paragraph clearer: to delete the word "priority" and replace it with the words "urgent, short-term" and to delete the Philippine addition to the end of the paragraph, replacing it with the words "that cannot be met through country programming". If those amendments were not acceptable to the sponsors of the draft resolution, she suggested that they should consider deleting the whole paragraph which was unnecessary since the guidelines for Special Industrial Services programmes were given in paragraph 6. For the same reason, she suggested that paragraph 5 should be deleted. The word "urges" in paragraph 10, was too strong and she suggested that the words "*Urges* the Governing Council of UNDP to provide" should be replaced by the words "*Requests* the Governing Council of UNDP to consider providing"

133. Mr. VERCELES (Philippines) said that the Swedish amendments, which were far from minor, had not all been brought to the attention of the co-sponsors. It was therefore difficult for him to say whether or not the co-sponsors would find those amendments acceptable, unless they could have a further meeting to discuss them.

134. The CHAIRMAN said that he hoped the further consultations requested on draft resolution A/C.2/L.1239 would not constitute a precedent for the Committee's treatment of the many other draft resolutions it would have to consider. He announced that Singapore had asked to be included in the list of co-sponsors of draft resolution A/C.2/L.1239.

The meeting rose at 7.15 p.m.