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President : Mr. T. BOUATTOURA (Algeria)

Present :

Representatives of the following States: Algeria, Cameroon, Canada, Chile, Czechoslovakia, Dahomey, Ecuador, France, Gabon, Greece, India, Iran, Iraq, Luxembourg, Morocco, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Italy, Japan, Kuwait, Norway, Tunisia.

Observers for the following non-member States: Federal Republic of Germany, Holy See, Switzerland.

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Civil Aviation Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, World Meteorological Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 14

Reports of the Governing Council of the United Nations Development Programme (E/4150, E/4219)
(concluded)

1. Mr. HOO (Commissioner for Technical Co-operation) drew attention to chapter VIII of the report of the Governing Council of the United Nations Development Programme (UNDP) on its second session (E/4219), in which the discussion that had taken place and the decisions reached on the activities of the United Nations in its capacity as an operational agency for technical co-operation were summarized. The Governing Council was also the inter-governmental body within the United Nations to which the Council and the General Assembly had entrusted the task of supervising all the technical co-operation activities for which the Secretary-General was responsible. Those duties, in the case of the specialized

agencies, were discharged by their governing bodies or by specially constituted technical assistance committees at the inter-governmental level.

2. The technical co-operation activities of the United Nations included participation in EPTA, the regular programme of technical assistance financed under part V of the United Nations budget, Special Fund projects for which the United Nations was the executing agency, and funds-in-trust operations. Total expenditure and obligations in 1965 had amounted to \$34 million as against \$32.9 million in 1964 and \$23.2 million in 1963, the increases being due largely to the growth of Special Fund activities, although funds-in-trust operations in 1965 had amounted to over \$4 million. That type of financing appeared to be increasing in volume and variety, and would be the subject of a special report by the Secretary-General to a future session of the Governing Council. In non-financial terms, the 1965 programmes had provided for experts from 94 countries who had served on 2,364 assignments. Fellowships had been awarded to 1,262 nationals of 115 countries and territories for study in 72 countries.

3. The Governing Council was the successor to TAC as the body exercising supervision over United Nations technical assistance operations. That responsibility included the general review of activities in the latest full operational year, the approval of the proposed programme for the forthcoming year, recommendations for a planning level for the subsequent year and action on any matters of general policy that might arise.

4. Appropriations for the 1965 regular programme under part V of the United Nations budget amounted to \$6.4 million and the delivered programme in 1965 had amounted to \$6,393,000 or 99.89 per cent of the appropriation. Of that total, 48.7 per cent had been allocated to economic development, 30.5 per cent to social development, 16.9 per cent to public administration and 3.9 per cent to human rights advisory services and narcotic drugs control.

5. For 1967, the Governing Council was recommending to the General Assembly, through the Council, appropriations of \$6.4 million. In that connexion, the Governing Council had approved in principle the detailed programme proposals for 1967 which were based upon country requests on a priority basis and proposals emanating from the Council's committees and commissions. The Governing Council had authorized the Secretary-General to use \$6.4 million provisionally as a target in planning the 1968 regular programme and for the related purpose of preparing the 1968 initial budget estimates in the spring

of 1967. Those and other decisions were summarized in paragraph 225 of the report. Action by the Economic and Social Council was required on a draft resolution contained in annex III to the report. Its adoption would enable the Secretary-General to submit final budget proposals for 1967 to the General Assembly. Assuming that the draft resolution was adopted in its present form, the final estimate would amount to \$6.4 million, and funds would be used for the purposes indicated in the programme proposals approved by the Governing Council.

6. Mr. ISMAIL (Pakistan) said that his delegation wholeheartedly endorsed the view expressed by the Administrator of UNDP that more resources should be made available to the developing countries on "soft" terms and also for pre-investment purposes. It was important that countries receiving assistance should not be subjected to an unduly high debt-servicing burden.

7. It was gratifying to note that a close relationship had already been established between UNDP pre-investment activities and the investment activities of IBRD and other financial institutions. His delegation urged that the time-lag between the submission of requests and their approval and between approval and implementation should be reduced to the minimum. Early consideration should be given to pre-investment requests, particularly if submitted immediately after a session of the Governing Council. The authority received from the Governing Council by the Administration to approve such requests could, in some cases, enable the Administration to deal expeditiously with urgent and important projects. He suggested that, as the executing agencies had sometimes failed to provide the services of experts stipulated in the plan of operations, recipient Governments should be supplied with the names of more than one expert, to ensure that at least one would be available.

8. His delegation had noted with satisfaction the willingness of UNDP to associate itself actively with UNCTAD in its efforts to improve the trading position of the developing countries, and agreed fully with the view expressed in the Governing Council that UNDP also had a role to play in helping to assure marketing opportunities for increased agricultural and industrial production.

9. His delegation endorsed the suggestion that UNDP should finance pilot and demonstration projects which were likely to stimulate sizable investments and to reduce the risks of entrepreneurs and which would therefore help to promote the industrialization of the developing countries. In its view the financial allocation of 24 per cent to industries should be increased. It supported the Governing Council's recommendation that the Administrator should submit to it projects likely to promote the industrial development of the developing countries and considered that UNDP should maintain a close relationship with other United Nations bodies such as the new United Nations Organization for Industrial Development (UNOID) and UNCTAD. Although it was heartening that 3,000 projects costing an estimated total of \$1,500 million had been approved, only \$19 million in equipment had been provided; his delegation considered that the equipment proportion should be increased.

10. In conclusion, he paid tribute to UNDP activities which, he hoped, would further accelerate the rate of economic development of the developing countries.

11. Mr. ROOSEVELT (United States of America) said that his delegation was encouraged by the progress made as a result of the merger of EPTA and the Special Fund. For example, the first steps had been taken to merge the staffs of the former two bodies, and it was to be hoped that the consolidation would continue. At the first meeting of the new Inter-Agency Consultative Board, attention had been focused on some of the problems which had a bearing on the effectiveness of programmes, such as the scarcity of qualified experts in certain fields and the increasingly important central role of the Resident Representatives, who were responsible for co-ordinating the work of field representatives of the specialized agencies in recipient countries.

12. It was also gratifying to note that the Governing Council had convincingly demonstrated its ability to operate efficiently, that a record number of projects had been approved in 1966, and that a number of policy issues had been resolved and others identified for consideration in the future.

13. UNDP had already taken steps to consolidate its financial administration and had authorized, on an experimental basis, the use of \$2 million out of the Revolving Fund to speed up the initial execution of pre-investment projects prior to the Governing Council's approval; that authority should, however, be used with caution.

14. He noted that the draft resolution contained in annex III to the report on the second session reflected the decisions and recommendations of the Governing Council with respect to the regular programme of technical assistance of the United Nations for 1967 and 1968, and he expressed the hope that it would be approved by the Council.

15. At the second session, his delegation had stated that the United States Government hoped to increase its contribution to UNDP from \$65 million to \$70 million in 1967, and would continue to do its share in helping to meet the \$200 million target figure established by the General Assembly in resolution 2093 (XX). At the same time, however, it had emphasized that it would be unwise to approve numerous pre-investment projects if the various executing agencies and UNDP itself were not equipped to carry them out efficiently and expeditiously. At his delegation's request, the Administration was to prepare a study of the realistic needs and capabilities for increased pre-investment assistance. That study, which would be valuable not only to the Governing Council but also to delegations in their consideration of the measures that must be taken to increase and sustain the flow of resources to the developing countries, did not reduce the need for other bold new proposals for future consideration.

16. In conclusion, he said that his Government hoped that every effort would be made to support and encourage UNDP in its efforts to achieve its worthy objectives.

17. Mr. WURTH (Luxembourg) noted that the Governing Council was becoming increasingly aware of its important role as a policy-making body, and expressed his conviction that it would be able to define in greater detail the part that should be played by UNDP in the development strategy of the United Nations family of organizations.

18. His delegation was gratified to note that a balance was gradually being achieved, in Special Fund projects, between the agricultural and industrial sectors, both of which were vital to the development of the developing countries. It also welcomed the decision to devote a certain amount of UNDP resources to the construction of pilot plants or workshops which would not only help to fill the gap between pre-investment and investment activities but would also indicate the best course to be followed in future. The effectiveness of that approach could, in his view, be increased by making as much use as possible of integrated teams, contractual services and engineering consultants. The construction of plants and the training of skilled labour, experts and key staff should proceed concurrently in order to ensure that jobs were available for the persons being trained. In that connexion, close co-operation should be established with UNOID.

19. He noted that the resident representatives would play an increasingly important role; they should be able to act as co-ordinators between recipient Governments, UNDP and the specialized agencies. His delegation endorsed the idea of appointing industrial advisers following the establishment of UNOID, in order to promote the industrialization of the developing countries, but considered that such advisers should be added to the team of the Resident Representative, whose co-ordinating function would thereby be enhanced.

20. Mr. CHAND (India) said that his delegation was most concerned about the financial position of UNDP, since it appeared that, even if the target of \$200 million was attained at the Pledging Conference, UNDP activities in 1967 would be reduced by about \$25 million. Progress during the first half of the United Nations Development Decade had been disappointing enough so far as the developing countries were concerned, and it would be most regrettable if UNDP activities were now to be curtailed for lack of funds. However, as economic activity in the developed countries was increasing steadily, there was no reason why UNDP's 1966 target should not be attained, and contributions amounting to \$250 million collected in 1967.

21. His delegation was certain that the streamlining of UNDP activities would result in greater efficiency. A good beginning had already been made in co-ordinating UNDP activities with those of other United Nations bodies and the specialized agencies, and it was gratifying to note that a close relationship had been established with IBRD and IDB. It was to be hoped that a similar relationship would be established with the Asian and African Development Banks when they began operation.

22. He welcomed the establishment of a Revolving Fund of \$7.5 million and the authority given to the Administrator to use part of that fund for financing Special

Fund-type projects. That procedure would eliminate delays in the approval of projects and help to reduce the time lag between the approval and commencement of operations.

23. His delegation endorsed the Administrator's views concerning the urgent need to place greater emphasis on industrialization of the developing countries and the desirability of more projects with a direct bearing on industrial production. In that connexion it hoped that the closest possible co-operation would be established between UNDP and UNOID with regard to investment in industrial projects, operational activities and the use of contributions made by Governments for special industrial services. Suitable co-ordination would also be necessary with other bodies active in the field of industrialization.

24. In his delegation's view, the controversy regarding the relative priorities to be accorded by UNDP to industrial and agricultural projects was rather meaningless in view of the interdependence of those two sectors from the point of view of a country's development.

25. The international community had a duty to assist in the industrialization of the developing countries and those countries hoped that UNOID would play a decisive role in that regard. India would support that Organization wholeheartedly, and considered that its establishment at New Delhi would lead to closer relations between developed and developing countries and bring the United Nations closer to the developing world.

26. His delegation believed that UNDP's activities in the field of market research and export promotion activities would follow logically from its activities in the field of industrialization, since the main purpose of economic diversification was to enable the developing countries to diversify their exports to the developed countries and thus increase their export earnings. However, UNDP's activities in that field must be very closely co-ordinated with those of GATT and UNCTAD. UNDP could be of great assistance in carrying out studies of the feasibility of establishing industries in the developing countries and, within the limits of its resources, should try to accord high priority to such work.

27. The concept of associate experts was a useful one, but in his view it was more important that countries receiving technical assistance should appoint qualified counterparts who could ultimately take over the functions of the foreign experts. Steps should be taken to speed up the implementation of UNDP projects through more concentrated action at the national level as well as on the part of the executing agencies.

28. While it had received a considerable amount of assistance under EPTA and the Special Fund, India had itself furnished a large amount of aid by providing experts, training facilities and equipment. Furthermore, up to the end of 1965 India's financial contribution to EPTA had amounted to \$8.37 million and its contribution to the Special Fund to \$12.5 million. In 1966, despite financial difficulties, it had earmarked \$3 million for its contribution to UNDP.

29. His delegation agreed that no country was too rich to receive assistance or too poor to give it, and realized that there was no substitute for self-help. The developing countries had been making heroic efforts to raise their standards of living, but their efforts were being frustrated by a levelling-off in the amount of assistance provided by the developed countries. The flow of assistance from the developed to the developing countries had remained unchanged during the past four years at \$9,500 million. The net flow had in fact been only \$6,000 million, and the Administrator had suggested a net flow target of \$14,000 million by 1970, a very small amount when compared with the gross national product of the capital-exporting countries.

30. The international community as a whole, and particularly the developed countries, therefore had a responsibility to ensure that the entire United Nations programme in the field of technical and development assistance was not frustrated.

31. Mr. BENYAHIA (Algeria) said that his delegation regarded the merger of EPTA and the Special Fund as a step towards the rationalization of their respective activities, over-all planning, the co-ordination of various types of technical co-operation programmes and, in particular, progress in the direction of investment activities.

32. He noted that no decision had yet been taken on the suggestion that a programme committee should be established to assist the Governing Council in its task. Nevertheless, that suggestion had helped to secure acceptance of the idea of private meetings between members of the Governing Council and the administrative officials of UNDP, a procedure which would help the Governing Council to keep better informed. The frank exchanges of views which had taken place at the second session appeared to indicate that extremely valuable co-operation could be established between the Governing Council and the Administration.

33. It was gratifying to note the Governing Council's adoption of a programme comprising almost 140 projects, but it was regrettable that, owing to financial difficulties, the same level of activity could not be maintained in future. Even if the target of \$200 million established by General Assembly resolution 2093 (XX) was attained at the next Pledging Conference, the rhythm of the programme could not be maintained unless resources increased annually by \$33 million instead of \$25 million as originally estimated. He emphasized that it would become increasingly difficult to make up any lost ground and that the dynamics of development called for dynamic efforts. Only in that way could total resources be increased and investment activities promoted.

34. From a technical point of view, UNDP's pre-investment activities had been highly successful and were helping the recipient countries to ensure their economic and social development in a rational manner. However it was essential that the very important studies carried out should not remain mere recommendations for want of investment capital. That point had been emphasized by

the Secretary-General in his interim report on the Development Decade (E/4196, para. 194).

35. The function of UNDP was clearly to prepare the way for investment by encouraging action by IBRD and its branches or by the recently established regional banks. However, where its activities were of a pilot nature it should go beyond existing limits and, acting as a catalyst, attract capital to appropriate sectors of the economy. His delegation considered that the time had come to give UNDP additional responsibilities and enable it to devote part of its resources to investment. The earmarking of \$25 million annually for investment projects in the field of industrial development had already been suggested.

36. In conclusion, he noted that UNDP, as a result of the gradual refinement and improvement of the development concept, was at present one of the most important tools at the disposal of the United Nations in its efforts to achieve the objectives of the Development Decade.

37. Mr. SANTA CRUZ (Chile) said that his delegation fully supported the merger of EPTA and the Special Fund, a move which appeared to be yielding successful results. While it was not supposed to examine the details of the combined Programme, the Council was responsible for defining its broad guidelines. In that connexion he wished to refer to two matters to which his delegation attached importance. First, UNDP should give special priority to regional projects, as EPTA and the Special Fund had done in the past. It was precisely because of their desire to ensure the rapid integration of their economies that the Latin American countries attached such importance to regional and sub-regional projects. Secondly, UNDP had an obvious and important role to play within the framework of United Nations efforts to promote development and particularly to attain the objectives of the Development Decade. The role of planning in attaining those objectives was important and much attention would also have to be paid to the questions of investment and pre-investment. It was surprising, therefore, that the report of the Committee for Development Planning (E/4207) did not mention UNDP as one of the bodies with which that Committee co-operated.

38. His delegation was greatly concerned by the fact that contributions to the Programme had not reached the target level. The fact that the United States had promised to increase its contribution was encouraging.

39. Sir Keith UNWIN (United Kingdom) said that his Government had been one of those which, when the merger of EPTA and the Special Fund was first suggested, had expressed doubts about the wisdom of the move. Eventually, however, the United Kingdom had been persuaded to endorse the merger and had fully supported General Assembly resolution 2029 (XX). His delegation believed that the merged Programme had a great potential and could serve as a focus for United Nations development activities and as a factor for co-ordination of work in the field.

40. The second session of the UNDP Governing Council had been more useful and productive than the first. Its preparation had been more thorough, its documentation

more complete and the proposals put forward by the Administration had been much better documented. In the opinion of his delegation, the informal exchanges of views and information between the Administration and members of the Governing Council at the start of the session had been a very useful innovation.

41. Not much progress had been made as yet in welding together the two elements of the Programme. The Administrator had asked for guidance but he himself should be able to suggest how that might be done. The two elements could be compared to two parallel tracks on which traffic was moving at different speeds and with a different periodicity. The aim should be to establish a third rail between the two, with a new kind of traffic deriving from both sides. The planning required for UNDP in the future would not necessarily be tied to the two-year rhythm of EPTA nor wholly to the much longer periods of Special Fund projects. Longer-term planning would be necessary in order to ensure that the technical assistance from the EPTA side would lead into pre-investment projects, which might be followed by phase II projects of a shorter nature corresponding to the technical assistance side. All those steps should be planned as a coherent sequence of development and that might call for planning over periods of five or six years. General Assembly resolutions laid down, however, that assistance must be provided at the request of Governments. If too many resources were tied up in long-term planning, where would Governments obtain the short-term assistance they were accustomed to getting from EPTA? Governments must still be able to choose either long-term or short-term assistance, and the characteristics of both components of UNDP must be preserved. The Administration had been successful in working out each of the two elements composing the current programme on the lines laid down in the original resolutions. Before the merger was considered co-operation had begun on a number of projects. The Administration should now be requested to take that further and to suggest how the progressive merging of the two components of the Programme could be developed further while still maintaining the essential principle of consumer's choice. If two or three years were likely to elapse before the merger was complete, there was time for a full discussion of those matters. Similarly, if the speed with which requests were processed by the Administration was reduced for lack of funds, there might be an opportunity for closer examination of ways and means of making the merger more effective and UNDP as a whole more efficient. He hoped that the Administration would have suggestions on those points to put before the Governing Council at its third session. Further study of the Programme was in any case called for, particularly in order to see how a system of project-budgeting instead of biennial programming could be adopted in the technical assistance field. Under such a system, the Technical Assistance and Special Fund components might be brought to work on more nearly parallel lines and so be more closely integrated.

42. The pre-investment activities of the Special Fund and now of UNDP were a powerful aid to industrialization and to the stimulation of financial flows. It was logical that, at the present stage of those activities, the emphasis

should shift from general resource surveys to feasibility studies. At the same time, it was important that the Governing Council and the Economic and Social Council should aim at encouraging countries to carry out balanced development. Each Government should itself decide, however, on the particular balance it desired for its country's economy.

43. His delegation foresaw close co-operation between UNDP and UNOID. The spheres of operation of the two bodies were different but the closer they were linked the greater would be the efficiency of both. His delegation supported the Governing Council's decision concerning pilot and demonstration projects (E/4219, paras. 91-104) but wished to be assured that that type of project would really be of a pilot and demonstrative nature and would lead to further investment; such projects should not merely be small-scale investments leading no further.

44. All representatives were convinced of the need to increase the resources available to multilateral agencies for development purposes. His delegation therefore welcomed the United States representative's announcement that his country would pledge a larger contribution to UNDP.

45. Mr. ASTROM (Sweden) confirmed that UNDP had the full support and confidence of his Government.

46. It was a fact that, if the Programme's earmarkings for 1967 were not to be reduced, an increase of 40 per cent to 50 per cent in the resources pledged for earmarking in 1966 would be necessary. That fact should be borne in mind when the Council and other United Nations bodies considered the problem of the possible use of UNDP in connexion with the financing of new programmes in such fields as natural resources and the application of science and technology to development. A reduction in the 1967 earmarking could be prevented by increased pledges or by forward pledges for subsequent years. So far, Sweden was the only country to have made such forward pledges, other countries arguing that they would have to overcome legal and constitutional difficulties before they could adopt that system. It should be borne in mind, however, that all countries did take decisions which amounted to financial commitments for several years ahead. Co-operation with the developing countries was a subject important enough for such longer-term commitments. The representative of Pakistan had referred to the need for "soft" loans for development. Sweden, through its additional contributions to IDA, had made possible the granting of such loans to the developing countries.

47. The merger of the two components of UNDP had been a smooth operation. So far, it had resulted mainly in a technical change. The next step would be to fuse the various substantive elements into one programme. Adoption of the system of project-budgeting for the technical assistance component would be an important step in the right direction. The United Nations regular programme of technical assistance, because of the flexibility of its funds, would probably be able to lend increasing assistance to UNDP projects. It was his Government's intention to propose that the funds available under the regular programme of technical assistance should be increased.

48. His delegation was gratified to learn of the efforts being made to try to close the gap between pre-investment and investment proper. A positive approach in that direction was being made by the establishment of pilot and demonstration plants and the introduction of reimbursable projects. The suggestion that UNDP should be requested to make forecasts of requests for funds in, *inter alia*, the field of industrialization merited consideration.

49. The decisive role of recipient Governments in the preparation, execution and follow-up of projects must be recognized. An important role was also played by the Resident Representatives in programme planning, programme implementation, co-ordination within multilateral programmes and in personnel matters. In that connexion, agreements reached between UNDP and the specialized agencies concerning the terms of reference of Resident Representatives should be transmitted not only to the latter, but also to the representatives of the specialized agencies in the field. The instructions to all local representatives of the United Nations family should be the same.

50. Although it was discouraging to learn that earmarkings might decline just as requests for assistance were increasing, that situation would make it necessary for UNDP to be selective and to devote more time to the question of project priorities. It would also oblige all concerned, the specialized agencies and UNDP to view projects in the framework of over-all long-term planning. Only in such a framework would it be possible to achieve maximum efficiency and make the best use of available resources.

51. Mr. KADLEC (Czechoslovakia) said that some of the most vital problems confronting UNDP were the decisions it had to take concerning priorities and the scope of its activities. The developing countries rightly expected that UNDP's pre-investment work would gradually be supplemented by investment proper. Czechoslovakia hoped that pilot and demonstration plant projects would constitute a first step in that direction and that they would be followed by other appropriate projects.

52. His delegation welcomed the UNDP Administrator's intention to increase consultations with UNOID and it appreciated his efforts to strengthen the co-ordinating function of the Resident Representatives. In addition, UNDP's co-operation with the Advisory Committee on the Application of Science and Technology to Development should be placed on a more solid and permanent basis.

53. Czechoslovakia's views on EPTA and the United Nations regular programme of technical assistance remained unchanged. In view of its specific objectives, EPTA should remain a separate component of UNDP while the regular programme should be integrated with UNDP. Operational activities should not be financed from the regular United Nations budget. For those reasons, his delegation would be unable to vote in favour of the draft resolution submitted by the Governing Council of UNDP (E/4219, annex III) and would abstain if it was put to the vote.

54. His Government would continue effectively to support United Nations technical co-operation activities and would provide practical assistance in the implementation of projects.

55. Mr. MWALUKO (United Republic of Tanzania) said that his country had derived considerable benefit from the activities of EPTA and the Special Fund and hoped that it would benefit still more now that the two had been merged in UNDP. It would be some time, however, before the merger became fully effective. For that reason he considered that a cost-accounting study of the Programme would be premature at the present stage. Some years should elapse before the new body was subjected to that type of scrutiny.

56. In planning economic development the Governments of the less developed countries often found it advisable to work on the basis of an area or region. They frequently found it advisable, moreover, to consider several sectors together; in the case of agriculture, for example, the industries based on it and related matters such as electrification and road building, needed to be planned simultaneously. He hoped that in its pre-investment and feasibility studies UNDP would bear those factors in mind and not work entirely on the basis of isolated projects.

57. With regard to the provision of experts, an effort should be made to ensure that requesting Governments were offered a wider effective choice. It was also important to ensure an appropriate balance between the provision of experts and the provision of fellowships and other local training facilities which would produce personnel capable of taking over projects when the experts departed.

58. His delegation was disturbed to note the sharp rise in the purchase of equipment for Special Fund projects from the Republic of South Africa with which the majority of the States Members of the United Nations had curtailed their trade because of the practices of racial segregation prevailing there.

59. He hoped that other donor countries would heed the Swedish representative's remarks concerning the advantages of making forward pledges as a means of facilitating advance planning of projects. He urged them to give that matter their serious consideration and hoped that a considerable extension of the practice would be reported at future sessions of the Council.

60. Mr. DULEA (Romania) noted with satisfaction the progress made during 1965 by both components of UNDP. His delegation was gratified that activities in 1965 had reached the level of \$34 million—which included operations under the regular programme of technical assistance, EPTA, the Special Fund and funds-in-trust arrangements—as against \$32.9 million in 1964 and \$23.2 million in 1963. Within the United Nations total activity, experts coming from 94 countries had served on 2,364 assignments and fellowships had been awarded to 1,262 nationals of 115 countries and territories for study in 72 different countries.

61. The recipient country played the main role in accelerating its economic and social development, for it was up

to it to mobilize its physical and human resources and strengthen the economic and institutional framework designed to support its economic and social development and thus maximize the efficacy of the international technical assistance it received. It was most important also that countries should prepare realistic development plans.

62. The Romanian delegation welcomed the efforts of the technical assistance organs, and particularly of the Special Fund, to expand their activities, thus helping to ensure and consolidate the political and economic independence of the developing countries. An analysis of the distribution of funds showed that UNDP was devoting increasing attention to agricultural and industrial projects. It should place greater emphasis on investment in those branches of industry which, by using available natural resources, laid the foundations for a country's industrialization and for increasing its export potential. Industrial development and diversification called for accelerated training of national cadres through the establishment of training institutes and centres, the provision of experts and the granting of fellowships.

63. Mr. LOBANOV (Union of Soviet Socialist Republics) said that the United Nations programmes of technical assistance had already been in operation for some fifteen years; before they celebrated their twentieth anniversary and reached full maturity they would need, like any individual passing through that difficult transitional age, to work out their definitive orientation. From that point of view the second session of the Governing Council of UNDP had been of great importance. There had been lively discussions on the kind of programmes that should be implemented and on methods of increasing the resources available to them, with special emphasis on industrial development. Those discussions were of great interest not only to the members of the Governing Council and to the recipient countries, but also to the Economic and Social Council, as the body principally responsible for the direction and co-ordination of United Nations activities within its field of competence. It was the duty of the Council to ensure that UNDP became an effective instrument for meeting the needs of the developing countries and that the resources of the Programme were not used to the detriment of those countries.

64. The approval of more than 3,000 projects under EPTA and the Special Fund was to be welcomed as was the considerable experience accumulated in the field of technical assistance. However, there were a number of basic deficiencies in the Programme which had not been brought out with sufficient clarity during the discussion. It was important that shortcomings should be recognized and mistakes could be corrected only by the free exercise of constructive criticism.

65. One basic defect was that the Special Fund component of the Programme continued to be confined to pre-investment activities; only one of the Special Fund projects had been concerned with direct assistance for industrial development. That was a very meagre result, particularly at such an advanced stage of Special Fund activities. There was a real danger that the whole Programme would perpetuate that unbalanced orientation under the influence

of the officials responsible for administering the Programme and of certain Western countries. It was true that statements had been made about the desirability of UNDP engaging in direct investment activities but the energies of its administrators were very much directed towards finding arguments to prove that the direct financing of industrial development was not possible under the Programme. The fact was, however, that the Programme already had sufficient resources at its disposal to make a considerable contribution to the financing of such projects. He had particularly in mind the resources contributed by a number of countries which remained unutilized in various Western banks. Contributions of some 11 million roubles, or approximately \$12 million, made by the USSR and by the Ukrainian and Byelorussian Soviet Socialist Republics had been unjustifiably frozen. The German Democratic Republic—a highly developed sovereign State with very considerable technical and scientific resources—was denied an opportunity to participate in technical assistance programmes. It was wrong that such discrimination, which merely served the selfish ends of certain Western countries, should be exercised to the detriment of the Programme and to the disadvantage of the developing countries. The Council should note that situation and take the necessary steps to remedy it.

66. Another deficiency which continued to make itself felt in spite of the repeated reassurances given during the current session of the Council and in earlier years was the inadequacy of assistance in the field of industrial development. The Council could surely not be satisfied with the fact that a mere 2 per cent of the aid provided was allocated for that purpose. The fact that that percentage had actually decreased over the past year could not be justified. In spite of the decisions of the General Assembly, the Council and the United Nations Conference on Trade and Development that special emphasis should be placed on industrial development, priority continued to be given to pre-investment studies by those responsible for the administration of the Programme. The time had come for the Council to take action to remove the discrepancy between words and deeds, particularly now that a number of newly independent nations were represented on it.

67. Another negative aspect of the Programme was that the choice of projects did not adequately reflect the needs of the less developed countries. If real progress in economic and social development was to be achieved, it was essential to avoid any dispersal of effort and resources. Those were technical points, but there were political factors underlying them which could not be overlooked. At the second session of the Governing Council there had been an extensive discussion on the principles which should determine the basic orientation of the Programme. He believed that the Council should be fully informed of the details of those discussions. In the view of his delegation, the principles which should guide the activities of the Programme, bearing in mind the decisions of the General Assembly and the Council, were that the Programme should be universal and any State, whether or not it was a Member of the United Nations or the specialized agencies, should be invited to participate so long as it recognized United Nations principles and purposes; that the United Nations and UNDP should

make it their main objective to provide effective assistance to the less developed countries, to enable them to build up national industries, to raise agricultural efficiency and to provide facilities for the training of national personnel needed for those purposes; that there should be no economic or political interference in the internal affairs of the less developed countries and no economic or political strings attached to the assistance provided—demands to that effect had been expressed during the present session of the Council and that policy should be confirmed and implemented; that contributions to the Programme should be accepted in the form convenient to the donors; that assistance should be given at the request of the recipient countries and should be harmonized with their national development programmes; that opportunities should be sought to assist the industrial development of the less developed countries, again in keeping with their own development programmes; that increasing emphasis should be placed on the financing of investment activities; that, in the recruitment of experts, consultants and Resident Representatives, in the appointment of evaluation missions, in filling policy-making posts in the secretariat and in the allocation of fellowships, the principle of equitable geographical distribution should be fully observed; that there should be systematic supervision of the activities of experts, project managers and those responsible for the administration of the Programme; and that assistance rendered under the Programme should be in accordance with the letter and spirit of the United Nations Charter and should not be used to serve the interests of the Governments and régimes of countries participating in aggressive wars against countries struggling for their freedom and independence.

68. Those were the principles which must guide the Council in the decisions it would be called upon to take with regard to economic and social assistance. They were often ignored, however, by those responsible for guiding the Programme and by a number of the donor countries. There could be no justification for the practice of concentrating the administration of technical assistance within a restricted group of certain well-known countries. It was not as if there was any lack of talent and ability within the under-developed and the socialist countries; yet those countries were denied full participation in the planning and implementation of projects. Just because a country was making a greater financial contribution it should not be allowed to monopolize the direction of the Programme and adjust it to suit its political or sectional interests. The undemocratic atmosphere prevailing in the secretariat must not be allowed to pervade the entire Programme; the Administration should be given a more representative character in keeping with the wishes of the less developed countries.

69. His delegation had supported the majority of the projects submitted for approval at the second session of the Governing Council and had expressed the hope that their implementation would accelerate economic development and raise agricultural efficiency and that training facilities would be expanded particularly in the fields of mining and industrial development. He understood that the Administrator of the Programme had indicated that industrialization would be given a more prominent place.

He hoped that that expression of intent would be put into effect.

70. His delegation considered that the resources of the Programme should be used exclusively to further the economic development of the less developed countries in the service of peace and that they should not fall into the hands of those who might use them directly or indirectly to participate in aggression against countries aspiring to independence. For that reason his delegation had been opposed to projects for the assistance of South Korea whose troops were participating in the campaign against the people of South Viet-Nam. No United Nations programme should be used for any purpose inconsistent with the Charter.

71. His delegation reiterated its view that the United Nations regular programme of technical assistance should be incorporated in UNDP. Consolidation of the two programmes would enable more effective assistance to be given to the less developed countries.

72. He hoped that the aim of the majority of the members of the Council—to ensure that the Programme should make the most effective contribution to economic and social progress in the interests of peace—would lead to positive results in the near future. The task was one in which the Council must play a leading role.

73. Mr. LOPEZ (Philippines) said that the establishment of UNDP was a striking reversal of the tendency towards the proliferation of organs and agencies in the field of development. That was not its only merit, however; during its brief existence it already had sufficient achievements to its credit to justify the imaginative decision that had resulted in its creation. The merger of EPTA and the Special Fund had already resulted in more effective administration, improved co-ordination of the development programme as a whole and a more economical use of resources. UNDP, however, should have a new quality distinct from and greater than the qualities of its two components. He believed that, after twenty years of search for a practical and generally acceptable formula for the provision of multilateral assistance to the developing countries, a solution had finally been found in UNDP and that the problem of establishing a centralized direction of technical assistance and development programmes had been solved. UNDP might prove the remedy for the duplication and waste which had been so frequently discussed in the past. At the same time, it could help to simplify the co-ordination problems of the recipient countries. Most important of all, the establishment of UNDP might have created the rational and constructive spirit necessary for the continued expansion of resources. Participating States, both developed and developing, could feel a new surge of confidence on realizing that UNDP, efficiently administered and inspiringly directed, might be the appropriate instrument for the wider provision of multilateral assistance to developing countries.

74. As the United Kingdom representative had pointed out, it would take some time to realize those hopes, but his delegation was gratified by the results already achieved. Under the imaginative leadership of the Administrator and

his associates, an even more effective merger of UNDP's two components could be anticipated.

75. He hoped that UNDP would continue to devise practical and effective working arrangements with UNCTAD and UNOID and that UNDP and the specialized agencies would continue to improve the co-ordination of their planning and of their operations in the field, although it would no doubt be some time before entrenched habits were finally eliminated. The Resident Representatives should assume more effective over-all direction of UNDP operations in the field and enjoy the full co-operation of the representatives of participating agencies. They should therefore be chosen with particular care in order to ensure that they possessed the necessary ability, experience and training.

76. He welcomed the assurances by the major contributing countries that they would do their utmost to help to achieve the target of \$200 million set for UNDP by the General Assembly. UNDP was the kind of programme which must grow continually if it was to survive.

77. Mr. RIVERO (Venezuela) said that the second session of the Governing Council had marked the effective launching of UNDP. The merger between EPTA and the Special Fund had undoubtedly given rise to a series of problems the solution of which would necessarily require time. The merger held out the prospect of improved co-ordination—a topic which had been extensively discussed in the Governing Council and continued to engage the attention of members of the Economic and Social Council. Two main conclusions had emerged from the discussion of UNDP's budget: major efforts were being made by the under-developed countries to meet their obligations, but it was essential to ensure that the Programme obtained the financial resources necessary for carrying out its task. In that connexion he welcomed the announcement by the United States representative that his country intended to increase its contribution. He also welcomed the statement by the Swedish representative that his country would continue to make forward pledges.

78. He believed that members of the Council should frankly state whether their sole objective was to co-operate in promoting the development of the recipient countries or whether they had other aspirations or objectives.

79. The new Programme would necessitate changes in established procedures but the number of projects approved and the ambitious targets set showed already that it should be considered an effective means of promoting development. A close link should be established between pre-investment and investment activities under

the Programme; in that connexion, the decision to undertake pilot plant projects deserved the fullest support. Priorities should be constantly reviewed in the light of changing conditions in the developing countries. The forthcoming establishment of UNOID aroused great hopes in the developing countries; the new Organization should be made strong enough to meet the needs of the incipient process of industrial development. Regional programmes must be given the greatest possible impetus. Some of the programmes approved at the second session of the Governing Council might have been expanded if that criterion had been applied.

80. He shared the view expressed by previous speakers that the role of the Resident Representatives should be strengthened as a means of improving the co-ordination of all programmes.

81. Artificial barriers to the trade of the developing countries should be eliminated and the products of those countries should have greater access to consumer markets. It was a paradox that the developing countries should be granted aid to develop their economies and that, at the same time, measures should be taken which restricted the marketing of their products.

82. The PRESIDENT invited the Council to vote on the draft resolution submitted for its consideration by the Governing Council of UNDP (E/4219, annex III).

The draft resolution was adopted by 22 votes to none, with 2 abstentions.

83. Mr. LOBANOV (Union of Soviet Socialist Republics) said that his delegation had abstained in the vote because the draft resolution failed to take the interests of a certain group of countries into account.

84. Mr. LEWIN (France) said that his delegation had voted in favour of the draft resolution subject to its objections of principle regarding the financing from the regular United Nations budget of operational activities such as those proposed.

85. The PRESIDENT suggested that the Council might wish to adopt a draft resolution along the following lines:

The Economic and Social Council

Takes note of the reports of the Governing Council of the United Nations Development Programme (E/4150 and E/4219).

The draft resolution was adopted.

The meeting rose at 6.35 p.m.