



UN/SA COLLECTION

SECOND COMMITTEE
3rd meeting
held on
Thursday, 24 September 1981
at 3 p.m.
New York

SUMMARY RECORD OF THE 3rd MEETING

Chairman: Mr. VERCELES (Philippines)

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81-55662 1586e (E)

Distr. GENERAL
A/C.2/36/SR.3
2 October 1981
ENGLISH
ORIGINAL: FRENCH

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The meeting was called to order at 3.25 p.m.

ELECTION OF THE RAPPORTEUR

1. The CHAIRMAN said that the election of the Rapporteur would have to be deferred, since consultations on the subject were still in progress in the African Group.
2. Mr. BOUYOUCEF (Algeria) said that the office of Rapporteur had not been assigned to the African Group. Consultations were continuing among the Chairmen of the regional groups with a view to the nomination not only of a Rapporteur for the Second Committee, but also of candidates for other offices. The Committee therefore had to wait not for the African Group to nominate a Rapporteur but for the comprehensive negotiations affecting all the Committees to be completed.
3. The CHAIRMAN suggested that the election of the Rapporteur should be deferred until the following meeting.
4. It was so decided.

STATEMENT BY THE DIRECTOR-GENERAL FOR DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

5. Mr. DADZIE (Director-General for Development and International Economic Co-operation) said where the world economy was heading was a question that baffled the expert no less than the layman. Forecasting the future was, of course, never easy, for there was always some uncertainty. But uncertainty about the future had become so pervasive that it was now a problem in its own right. He would like to discuss some of the uncertainties, by way of background to the work of the Committee, and in doing so he would draw on a number of reports issued in the past year on the world economic situation in its various aspects, in particular those by the ACC Task Force on Long-term Development Objectives, the Department of International Economic and Social Affairs, the United Nations Conference on Trade and Development, the World Bank, the International Monetary Fund and GATT. The reports varied in their focus and differed in their approach and in many of their conclusions, but they helped to create an understanding of world economic problems and of the development process - not least by showing the dangers inherent in current trends, and by underlining the need for closer international co-operation.
6. One of the major uncertainties related to inflation and unemployment. Over the past few years, policy-makers in many developed market economies had shifted their concern away from the level of aggregate demand towards the monetary aggregates and the budget balance. The experience with the new approaches to economic management had been mixed, to say the least. The main brunt of restrictive policies had so far fallen on output and employment; and although price increases had also moderated to a degree, a good part of that had been due to falling real prices of primary commodities induced by lowered demand. It was therefore not surprising that there were growing doubts as to how far budgetary and

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monetary restriction would succeed in lessening the pressures from various social groups for higher real incomes, and as to whether fiscal and monetary austerity was the best way of limiting inflationary pressures that were due to "cost-push" rather than excessive demand. Consequently, neither the efficacy nor the continuity of current policies could be taken for granted. In fact, policy had taken a different direction recently in one major developed economy; but there too, the future was uncertain. Also of significance was the fact that Keynesian economics had been overwhelmed by a variety of different notions, many of them incompatible with one another and some of them quite odd. But while there was nothing that could be described as a prevailing orthodoxy, one could detect a general move back towards more traditional notions regarding the link between spending and inflation and between incentives and output. Only time would tell whether that shift of opinion was based on a more scientific approach or resulted rather from unsettled and unsettling conditions that impelled practical men of affairs to seek comfort in simple rules of thumb and the teachings of their fathers.

7. He thought that all would agree that prolonged stagflation in the developed countries would generate a host of additional problems for the developing countries, including a further curtailment of ODA flows. Slow growth in demand would inevitably put pressure on the terms of trade of primary producing countries and would also limit opportunities for the export of manufactures from developing countries. The extent of the impact would depend on the policies of the authorities of developed countries. That was true of trade as well as of finance. The record so far showed a definite trend in the direction of tightening import restrictions. One could not yet speak of a collapse of the liberal trade régime; but could one be sure that pressures from domestic industry and labour would not prove too great? Developed countries might be inhibited from sharply escalating their restrictions vis-à-vis other developed countries by the prospect of retaliation, by treaty obligations and by a host of other considerations, but they might be tempted to further tighten their restrictions vis-à-vis developing countries. For one thing, developing countries had relatively little power to retaliate, and many of them were under pressure from international lending institutions to liberalize their own trading régimes. For another, in order to industrialize and diversify their economies, an increasing number of developing countries would be seeking to penetrate markets for manufactures in the developed economies, and their need to step up exports would be all the greater if their payments position continued to be weak. The mere prospect that the worst might ensue itself had consequences. The chance that export growth would be constricted could well induce foreign lenders of capital to act more cautiously than otherwise, offering less, on shorter maturities and at higher rates of interest; that would hamper the expansion and diversification of the exports of developing countries and weaken their external balance. Moreover, investment in export production in developing countries would be made more risky, and that might damage the confidence of domestic and international investors and lead Governments to be more timid in their export strategies. Primary commodities that competed with production in developed countries would also be affected by uncertainty regarding market access. Continued instability in interest rates could also be damaging, particularly since the bulk of commercial loans to developing countries, carried a variable rate of

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interest determined by conditions in money markets. That would be an additional source of potential fluctuation in the external accounts of developing countries and a factor accentuating their vulnerability to changes in the world financial climate.

8. The uncertainty of the international situation was hurting developing countries, whether they were exporters of commodities or manufactures, borrowers of capital on commercial terms or recipients of assistance. They were all likely, therefore, to suffer from one of the inconsistencies in the system of trade and finance, namely, that while developing countries had to meet higher debt service obligations, they were accorded little room to step up their exports sufficiently to cover those obligations. Consequently, as long as the developed countries were not prepared to make room for additional exports from developing countries the latter would be unable to adjust their payments deficits and their future would remain precarious. If the developed market economy countries could overcome their economic difficulties in the not too distant future, that would bring relief to the developing countries, but it would not be enough to propel them forward at an acceptable pace. For one thing, the demographic composition of the labour force and other secular trends suggested that growth in the developed countries would not be as fast as in the 1950s and 1960s. For another, the inequitable and inefficient structure of the world economy and of international economic relations would continue to hold back the developing countries, even on optimistic assumptions regarding expansion in the developed economies. The many structural problems that existed - with regard to trade, raw materials, energy, money and finance, and so on - would not be dispelled by more rapid growth alone. A restructuring of international economic relations in those areas was essential if the developing economies were to expand fast enough to provide a modest increase in per capita incomes over the next decade. Such a restructuring was no less necessary if the developed economies were to enjoy the co-operative and sustainable relationship with the developing world which they would need for even growth in the future.

9. Another major problem was the arms race. It appeared that armaments expenditures would be rising sharply in both East and West and in the South as well. That would prove damaging for world security, not only in military terms but also because of the economic tensions, national and international, that it would generate. Increased spending on armaments would be at the expense of living standards and/or investment, in both market and centrally planned economies. How far would the arms race slow labour productivity, which had been deteriorating in both groups of industrialized countries? How far would it add to pressures for higher money wages? How far would it result in cuts in official development assistance? How far would the tensions associated with the arms race spill over into international economic relations? How far would military uses pre-empt supplies of scarce natural and technological resources? How far would trade in armaments accentuate imbalances in international payments and destabilize the international monetary system? Although precise answers were not available to those questions it seemed clear from the study commissioned by the General Assembly concerning the relationship between disarmament and development - which was to be circulated shortly - that the consequences of the arms race for the world economy would be adverse and pervasive and would aggravate a host of other acute problems.

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10. Energy was yet another area of uncertainty. In the last decade profound changes had occurred in the structure of ownership and control of that industry and in the interaction of the producer countries. Those changes had transformed the way production and prices were determined: they were now the outcome of the policy decisions of Governments. Moreover, projections regarding the future course of supply and price had become extremely volatile and might and might well continue to be so, especially since basic trends in demand and supply were none too clear. On the demand side, it was, as yet, far from clear that a sustainable process of reducing the energy intensity of output was in place. An appreciable decline in energy use had been registered but it might reflect little more than the cyclical downturn and/or a once-and-for-all cut in energy use. A steady fall in energy intensity would be dependent on a high level of investment in order to make it possible to replace the capital stock attuned to the artificially low price that had prevailed in the past; but it might prove difficult to attain if stagflation persisted. Less uncertainty regarding the future level of prices would also contribute to a reduction of energy use per unit of output. The uncertainties on the supply side were more pronounced. Energy production outside OPEC member countries might still be expected to increase significantly in response to the prevailing prices, but how quickly that happened would depend on the amount of investment made. In developing countries, the availability of investment funds on appropriate conditions - particularly concerning the division of benefits from exploitation would be an important consideration. Technology was also a question mark, as was the environmental dimension of nuclear power and coal. Finally, it was impossible to be sure what production levels the main oil exporters would attain, singly or collectively. It was possible to make a guess on the basis of "known reserves" and "absorptive capacity" but the level of supply was likely to be governed by what views the Governments of exporting countries took on a number of issues: first, on strictly economic questions such as the effects of prices associated with alternative levels of output on the long-run competitive position of oil; second, on essentially political matters such as the appropriate pace of depletion and the desired rate of growth which involved social aspects of the development process (organization, immigration and income distribution). Supply would also be governed by the willingness of those Governments to accumulate assets in foreign banks rather than conserve them in their own territory and on their expectations regarding inflation and interest rates. Objectives varied from country to country and they also varied over time, as had been seen in 1979 when one major exporting country had reduced its rate of production as a conscious policy decision. The conclusion to be drawn was not that producers might be erratic but that supply might not respond to price in a predictable manner. Energy prices, both over short periods and in the long run, were likely to be determined by a variety of variable factors, including expectations. That was not a healthy state of affairs for either exporting or importing countries, nor did it help new production since it introduced an extra degree of risk into investments in that sector.

11. Significant uncertainties were also found on a number of other fronts. Food was one that deserved special attention. World food security was an essential dimension of world economic security and much remained to be done in order to

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assure confidence in the future. The current situation was precarious and would remain so unless progress was made in increasing output in food deficit regions, in assuring adequate levels of stocks and in regard to trade. The stability of the world economy would also depend on how the commodity sector functioned. Price fluctuations in that sector had an adverse impact on inflation in consumer countries and on the development of producer countries. One way of contributing significantly to the avoidance of supply shortages in the future would be to establish a climate of confidence between the investors, on the one hand, and the Governments of the producer countries, on the other. There again, international co-operation would have a significant bearing on how the world economy evolved in the future.

12. However, the central problem was the lack of a coherent international economic order. The old economic order was in tatters. The largely monopolar structure of economic power among the developed countries that had prevailed at the end of the war had given way to a multipolarity. The socialist sector of the world economy had developed rapidly, at the same time increasing the extent of its relations with other countries, both developed and developing. Another significant element had been the emergence of the developing countries on the international arena. As a result, the leadership of the principal developed market-economy countries had come under challenge, the predominance of the developed market economy sector of the world economy had been eroded and the old hegemonic relations between centre and periphery had been undercut. In addition, there had been a strong trend towards the internationalization of production through the transnational corporations. Furthermore, many Governments were seeking to ensure that transnational corporations contributed to the development of their national economies instead of hindering it. All that had fundamentally transformed the way the international economy functioned as well as the dynamics of international relations. The dispersion of economic power, while a source of long-term strength for world economic development, had left an important lacuna: the collapse of the hegemonic order had not been followed by the creation of a system of co-operative management. Yet such management was essential, for the interdependence of economies was greater than ever. The market place continued to play an indispensable role in the functioning of the world economy but there was no spontaneous force, no natural tendency to reconcile conflicting interests; rather, there existed forces of a cumulative character capable of aggravating conflicts and disputes. The players in the game were not so numerous that they could afford to ignore the repercussions of their actions on others. Nor were they so few as to permit a small number of countries to act on their own as the collective manager. Global management had become necessary. The current trend towards unilateralism would prove damaging to all, and reliance on a bilateral approach to deal with global problems would be disruptive. A new multilateralism was urgently required, founded on consultation, concertation and collective decision-making so as to promote the development of all groups of countries.

13. In order to establish that new international economic order it was essential to start global negotiations which would lay the basis for a new mode of co-operation. They would avoid the excessive compartmentalization of past

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negotiations, would include all major problem areas and could result in a package that dealt with short-term, medium-term and long-term problems, thereby emphasizing the link between the conjunctural and structural aspects of the world economic crisis. Full account would have to be taken of the interrelationships among problems in the fields of money, finance and energy. Finally, he noted that after dealing mostly with the economic aspects it was necessary to draw attention to the significance of the political dimension of the world economic crisis. There was a growing disposition to seek economic security through extra-economic means. The developing world was serving not only as a theatre for East-West conflicts, and a principal object of Great Power rivalries but also as a source of East-West tensions. Under-development, poverty and economic dislocation in the third world were a source of disturbance to international harmony. Questions relating to the world economy, to development, to the third world and to peace and stability could therefore no longer be divorced from one another. To tackle those great problems the United Nations must be strengthened and put to a more practical use. In the face of the world economic crisis the United Nations could not be an adjunct to the weaponry of the mighty, or a propaganda forum of the weak. The trend towards marginalizing the Organization - indeed towards making it irrelevant - must be halted. The world expected from the United Nations results not ritual, action not clichés, a consensus based not on ambiguous formulations and semantic gymnastics but on common objectives and genuine commitment.

14. He therefore hoped that the current session of the General Assembly would lead finally to agreement on global negotiations and that the international community would begin to apply to the unacceptable economic realities and uncertainties confronting it the principle of internationalism that lay at the basis of the Organization. Co-operation among the developing countries would be essential to the success of those negotiations. In order for the developing countries to take their proper place in the running of the world economy, they must not only formulate common positions, but also deepen their co-operation at every level and across a wide spectrum of sectors, with a view to building up their capacities. Economic and technical co-operation among developing countries was an essential dimension of the new international economic order and an indispensable instrument for its attainment. The third world must finally recognize the full extent to which South-South linkages could contribute to its economic development and emancipation.

15. Mr. HORST (Venezuela) supported by Mr. BLAIN (Gambia) and Mr. KAABACHI (Tunisia), said that in view of the Director-General's significant and insightful analysis of the world economic situation, the text of the statement should be circulated as an official document of the Committee.

16. Mr. MULLER (Secretary of the Committee), in reply to a question put by Mr. PLECHKO (Union of Soviet Socialist Republics), said that the statement would be issued as a Second Committee document. As indicated in paragraph 9 (c) of document A/C.2/36/L.1, the General Assembly had decided not to reproduce in extenso, as separate documents, statements made in the Main Committees, since the Committees were provided with meeting records. As to the financial implications, the cost of issuing the Director-General's statement in full would be \$3,600.

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17. The CHAIRMAN said that if he heard no objections, he would take it that the Committee wished to have the text of the Director-General's statement issued in full as an official document.

18. It was so decided.

AGENDA ITEM 70: OPERATIONAL ACTIVITIES FOR DEVELOPMENT

(b) UNITED NATIONS DEVELOPMENT PROGRAMME

19. Mr. MORSE (Administrator, United Nations Development Programme) said that he wished to join the Secretary-General in alerting Governments to the danger of weakening the international and multilateral co-operative effort at a time when economic disaster threatened large segments of the world's population; he also wished to refer to the stake which the international community had in the system of multilateral co-operation and to detail the indispensable role of UNDP in that system. It was vitally important, at a time of great resource constraint, for all Governments to weigh cautiously their own priorities for the most effective allocation of limited development funds. Technical co-operation and the development of human resources were fundamental prerequisites in any effective development process. It was also essential to strengthen multilateral co-operation, as the most effective vehicle for interdependent collaboration and international commitment. In order to achieve maximum effectiveness of the development effort, it was necessary to overcome certain short-comings, far too many of which were traceable to a continuing imbalance in the ratio of investment in physical infrastructure to investment in human resources. In the current era of fiscal austerity, developing countries might be forced to revert to a policy of constraint with respect to human resource development that would be harmful in the long term. Every capital investment was dependent on the human resources which made it cost-effective. There must be a dynamic human and technical development framework within the developing countries themselves.

20. UNDP, which had extensive experience at the operational level, had underscored in the documents submitted to the United Nations Conference on New and Renewable Sources of Energy the need for technical, administrative, and otherwise skilled human resources as a pre-condition for the efficient development of non-conventional energy sources. In that connexion, the Chairman of the OECD Development Assistance Committee had stated that if there was to be a fresh push on low-income African development, the scale and effectiveness of training must be stepped up, mainly by the African Governments, but with donor support. Private capital flows were unlikely to play a major role in that area, since international bankers and transnational corporations believed that official development aid must prevail in the building of human, and in many cases agricultural, infrastructures. Development experience dictated that technical co-operation remained the most effective instrument for promoting the self-reliance of developing countries by helping to build their productive capability and indigenous resources and by putting at their disposal the human skills essential for economic and social progress. There were many advantages of multilateral technical co-operation, such as the neutrality of such assistance, the lack of political "strings" attached and

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the inherent respect for sovereignty. It was not just that multilateral co-operation helped to augment and complement development resources from varied sources on a world-wide basis. It was not just that such co-operation strengthened all countries - and therefore the world economy. Nor was it just that such co-operation made development a truly world-wide undertaking, promoting economic and technical co-operation among developing countries. The real value of multilateral co-operation was that for more than 30 years it had rallied all the countries of the earth for the noble task of freeing the world from poverty and working together to strengthen a truly global economy. It was essential to preserve those ever-fragile bonds of solidarity for the sake of present and future generations.

21. As the central funding and co-ordinating organization for technical co-operation within the United Nations system, UNDP epitomized that multilateral dimension of development co-operation. Composed of an international staff, with a network of 114 field offices in developing countries, the Programme served more developing countries than any other development organization in the world. It had evolved over the years into the world's largest development service organization. That service aspect deserved particular attention because it was of increasingly vital importance and might be less well known than the country and intercountry project and programming activities. Over the past decade, UNDP had entered into formal country-level support and/or representation agreements with a number of United Nations organizations, including WFP, UNFPA and UNHCR. At its New York headquarters, UNDP maintained a special unit to promote technical co-operation among developing countries. It also administered a common procurement service for the entire system, co-sponsored various research programmes with other organizations and chaired the Steering Committee for the International Drinking Water Supply and Sanitation Decade. UNDP therefore served the development effort in ways far beyond its main technical co-operation functions, and as the Programme's service role had steadily expanded, so had the number of specialized activities entrusted to its supervision and administration. Each of those activities drew extensively upon the resources of the UNDP field office network and benefited in terms of reduced overheads, from the central administrative facilities of UNDP. UNDP's administration of those activities permitted complementarity and harmonization of programming, an objective of General Assembly resolution 32/197, which stipulated that the UNDP country programming process should be utilized as a frame of reference for the operational activities carried out by the organizations of the United Nations system. In its resolution 1981/59, the Economic and Social Council had for its part, reaffirmed the central funding and co-ordinating role of UNDP and had requested all international organizations participating in the United Nations development system to strengthen their mutual co-ordination, both between headquarters and at the field level, with a view to improving the integration of technical assistance. Recognizing UNDP's expanding role as a central service organization for development, the United Nations Conference on New and Renewable Sources of Energy and the recent United Nations Conference on the Least Developed Countries had recommended the channelling of increased activity through UNDP itself and the various Funds it administered. Such provisions took account of the waste and duplication inherent in the proliferation of separate institutions set up to administer special Funds.

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22. There were several examples of the way in which UNDP worked in tandem with the Funds it administered. Specifically, there were the achievements of the United Nations Capital Development-Fund (UNCDF), whose activities were, in his view, among the most valuable and cost-effective, especially in the least developed countries, as well as the Revolving Fund for Natural Resources Exploration and the United Nations Volunteers programme. To refute the unjustified scepticism that had led some to believe that multilateral co-operation was too inefficient and too slow, he cited the example of the Interim Fund for Science and Technology for Development. That Fund had been established only a year and a half earlier and was already at the stage where 65 projects valued at \$35 million were already under way or approved, a record that was all the more remarkable when one realized that its resource base from voluntary contributions amounted to only \$45 million instead of the \$250 million initially intended. There was, moreover, some reason for optimism on that score, since, at the urging of a group of developed countries, meetings were taking place with donor Governments at the ministerial level to seek to alleviate the shortfall. In all such undertakings, the indispensable role played by the UNDP field office network could not be over-emphasized. Those offices, which were at the service of Governments, had assisted in the administration of a growing volume of bilateral and funds-in-trust expenditure. They administered or directly supported approximately \$2 billion a year in widely varied development activities, and sometimes functioned as the only United Nations presence in the countries they served. It was in response to the needs and decisions of Governments that UNDP had expanded its development service functions. The international community needed a central, experienced organization which was permanently on the scene in almost every developing country, which was dedicated to serving the aspirations of those countries and which had capabilities extending to many economic and social sectors. That important role appeared increasingly to be falling to UNDP.

23. Unfortunately, the financial outlook for the Programme was extremely uncertain; for the first time in its history, UNDP would record a decline in voluntary contributions received, owing mainly to severe exchange-rate fluctuations. Calculated at exchange rates prevailing at the end of 1980, pledges for operations in 1981 amounted to \$744.5 million; calculated at recent rates, those same pledges now represented only \$665 million, an erosion of 11 per cent since the beginning of the year. It was hardly necessary to recall that such a decline must inevitably translate into a substantial contraction of UNDP supported services and programmes. Governments must therefore determine the importance of the services UNDP performed in the development of human resources and in pre-investment planning. If UNDP was the kind of mechanism which still had the confidence of Governments, they would have to show their confidence not only by good intentions but, more concretely by providing funds. At the most recent session of the Governing Council of UNDP, in June, Governments had reaffirmed a planning target of 14 per cent for annual growth in programme resources over the third five year development co-operation cycle. Contributions had substantially declined during the last year of the current cycle, whereas consultations with Governments had indicated that the annual growth rate in resources over the next cycle would reach at most 8 per cent. Such a situation gravely threatened sound

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programme management and created a climate of uncertainty. He pleaded with Governments to use the weeks preceding the forthcoming Pledging Conference for Development Activities to consider once again the essential nature of the services provided by UNDP. In that connexion, a tribute had been paid to UNDP a week earlier by Mr. Rüdiger von Wechmar, President of the General Assembly at its thirty-fifth session, who had stated that UNDP was "making a dramatic and indispensable contribution to the development efforts of the countries it serves", adding that all Governments had a serious responsibility to provide UNDP which they themselves had created, with the resources it needed, urgently appealing to all Governments to increase their contributions to that "unique mechanism of international co-operation", and observing that it would be tragic if the vitality of one of the most effective instruments for North-South co-operation were eroded.

24. On the eve of a new five year development co-operation cycle, UNDP was poised for action. Its needs were known and its plans were ready. What remained was for the international community to demonstrate that it too was ready to provide UNDP with adequate financial resources.

(h) UNITED NATIONS CHILDREN'S FUND

25. Mr. GRANT (Executive Director, United Nations Children's Fund) said that although the condition of the world's children was not markedly altered in nature from the previous year, it had grown more acute and posed an increasingly urgent challenge. A UNICEF report issued approximately a year earlier had indicated that one in every 10 of the 122 million children born in 1979 (the International Year of the Child) was already dead, that several million other children between the ages of one and four had also died and that more than 40,000 children had died each day. The majority of them had succumbed to poverty and under-development; they represented what had come to be called a "silent emergency". Yet more than 90 per cent of those deaths could have been prevented, since the technical, economic and financial resources to overcome such a situation existed. To prevent such deaths, however, all concerned had to refuse to tolerate the current situation and had to recognize that the problem must be solved.

26. By adopting, in December 1980, the International Development Strategy for the 1980s and beyond, the General Assembly had explicitly recognized development as an integral process and given a new emphasis to social and human development, particularly in including such goals for the year 2000 as reducing infant mortality in developing countries to 50 per 1,000 births, as a maximum, overcoming illiteracy, improving sanitation and providing access to primary health care. The General Assembly had also urged UNICEF, with the support of its National Committees, to carry out the responsibilities involved in the follow-up to the International Year of the Child. There was welcome evidence that those goals were attainable. Certain low-income countries, in Asia particularly, had achieved remarkable progress. The World Bank, for its part, had recently made the point that investment in sectors which concerned children and their mothers - basic education, primary health care, nutrition - could be extraordinarily good for economic growth, with, for example, annual returns of 25 per cent and more over

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15 to 20 years. Those same investments could also motivate families to have fewer children. In that connexion, it should be remembered that achievement of the goals of the International Development Strategy for the 1980s and beyond would mean that by the year 2000 the less developed countries would be much further along the road to self-reliance. It would also mean that each year there would be some 5 million fewer deaths of young children and 10 to 20 million fewer births than the United Nations currently projected for the year 2000. Unfortunately, as the Director-General for Development and International Economic Co-operation had just pointed out, the global economic crisis would clearly persist for several years, with harsh consequences for the prosperous countries, but devastating effects on the most vulnerable social group: children. The Administrative Committee on Co-ordination had projected that, unless current trends were reversed, the number of people living in abject poverty would increase from 800 million to 1 billion by the end of the third Development Decade. The World Bank too had projected that, unless special remedial measures were taken, that number would increase significantly.

27. For the first time in many years, the absolute number of children living in abject poverty was rising significantly. There was now the danger that millions more would die in the 1980s than the General Assembly had forecast in 1980. Children and their mothers were feeling the impact of the global economic crisis in three ways. First, many Governments, even those of highly industrialized countries, were reducing the resources allocated to social services for that population group. The situation was no different in many poor countries, except that the reduction of already insufficient resources had much more tragic implications there. Secondly, many wealthy countries were less prepared, in view of the crisis, to provide increased assistance to other countries. Official development assistance and non-governmental assistance were being reduced or even halted. Third, because of the constriction of economic growth and the reduction of government services, the economic and health condition of poor families became worse and worse and doomed many families. The question was whether the ambitious goals proclaimed for improving the well-being of children over the next 20 years could be achieved in the face of such a discouraging global economic situation, and whether the goals for the third Development Decade and the year 2000 were a sincere commitment or merely more hollow promises. As far as UNICEF was concerned, those goals, although idealistic in the context of past experience, were realistic in the sense that all that was needed was the will to achieve them, by bringing more resources to bear on those problems and especially by utilizing the resources as effectively as possible. The commitment to achieving the greatest possible impact on the well-being of children with limited resources was not new, because it had been at the root of the basic services strategy adopted in 1975 by the General Assembly.

28. In order to improve its assistance to Governments at the grass roots level, UNICEF was seeking more advisory and support staff in the developing countries and planned to increase the number of subnational offices and offices in small countries. Well over 75 per cent of all UNICEF personnel were already engaged in developing countries, as against 31 per cent 25 years previously; that percentage was expected to increase further over the coming biennium. UNICEF had also

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strengthened its collaboration with other agencies, primarily with the World Health Organization, but also with other international and bilateral assistance agencies such as UNDP. A small organization such as UNICEF could not fulfil its duties towards children unless other, larger organizations also worked to that end. UNICEF had learnt from experience that, in order to obtain results, it was essential to ensure the co-operation of the communities concerned and especially of women. Furthermore, it planned to strengthen its capacity to "learn from doing" and to exchange information, within the framework of technical co-operation among developing countries, among its field staff, between field and headquarters staff and between UNICEF and other agencies of the United Nations system as well as governmental and non-governmental organizations. There was no doubt that UNICEF had an important role to play in disseminating information. One example was the contribution it had made to the adoption by the 34th World Health Assembly of the International Code of Marketing of Breastmilk Substitutes, at a time when the Executive Board of UNICEF had been stressing the importance of breastfeeding in the over-all programme on behalf of maternal and child health. Those measures, which might help to prevent 1 million infant deaths a year by the end of the 1980s, showed that a very small investment could yield extremely worth-while results. In order to act still more effectively in the years to come, UNICEF would attempt to help countries to make more effective use of their resources. The main problems had to be dealt with in a more synergistic way. More attention had to be paid to the role of women in development. More resources had to be allocated to programme innovations, to the development of children and economic development in general, as well as to investment in primary services. UNICEF also had to pay more attention to middle-income and high-income developing countries, largely in advocacy and advice.

29. Turning to the "loud" emergencies requiring significant UNICEF involvement, he said that the Executive Board had held a special session in January 1981 to decide on UNICEF's role with respect to international aid to Kampuchea and the crisis-stricken countries of Africa. While continued assistance would be needed in 1982 for Kampucheans in Thailand and in certain regions of Kampuchea, sufficient progress had been achieved for UNICEF to be relieved at the end of 1981, of its lead-agency role for that humanitarian effort. As far as the crisis-stricken countries of Africa were concerned, the Executive Board had decided to allocate in 1981 an additional \$20 million of its general resources and to seek an additional \$100 million in support of "noted" projects for those countries. UNICEF had also undertaken a long-term programme in southern Lebanon, with an initial contribution of more than \$40 million from the Lebanese Government, in order to improve basic services. The Executive Board continued to be concerned that a proper balance must be maintained between the attention paid by UNICEF to "loud" emergencies and its responsibility for meeting the "silent emergency" needs of children. It would therefore like to see a strengthening of the capacity of the United Nations system as a whole to respond to emergencies. That question had already been raised in the Administrative Committee on Co-ordination. UNICEF itself was striving to strengthen its capacity to respond to emergencies without a detrimental effect on its long-term development work benefiting children. However, given its current financial situation, there was some doubt as to UNICEF's ability to accomplish its task during the coming two years. Since UNICEF's budget was based not on assessed

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contributions payable in dollars but on voluntary governmental and private contributions paid in local currencies, the Fund was particularly vulnerable to changes in the dollar exchange rate and to the policies of budgetary austerity adopted by many countries. Moreover, the low reserves held by UNICEF so that it could devote the greatest possible amount of resources to children were not sufficient to deal with current difficulties. Since the latest session of the Executive Board, in May 1981, the dollar exchange rate had strengthened far more than could have been expected and several major donor countries had delayed payment on pledges. The Executive Board had therefore decided to postpone its decision on the financial plan for 1982-1984. It had also decided to obtain the advice of the Advisory Committee on Administrative and Budgetary Questions before approving its budget for programme support and administrative services, now drawn up on a biennial basis. The Executive Board would hold a special session at the end of October 1981 to deal with those two items.

30. Meanwhile, UNICEF had been basing its programming on projections contained in the financial plan approved for the period 1980-1983, with two main exceptions: to meet the needs of children in Africa, the Executive Board had approved an additional amount of \$20 million from UNICEF's general resources; in view of the financial uncertainties, there had been a reduction by one eighth in the level of support by UNICEF to all programmes in which it was co-operating. Turning to the question of income, he said that, when the 1980 financial plan had been adopted, it had not been foreseen that the seven States members of the Gulf Arab Development Foundation for the United Nations would contribute \$25 million to UNICEF's general resources and that a further \$15 million could be expected from the private sector. Several other donor countries, notably Italy, were also increasing their contributions substantially. If the dollar exchange rate had not changed, UNICEF's income in 1981 would have exceeded the projected figure. However, it now seemed that it would not exceed \$218 million, as against the \$235 million projected in the 1980 financial plan. If the dollar exchange rate continued at its August 1981 level in 1982 and 1983, the loss would be less because of *inter alia*, the relative drop in value of European currencies, but it would still amount to some \$100 million for the three-year period. The rebuilding of the liquidity provision of UNICEF would be a further charge on its income over the coming years.

31. In addition to the one-eighth reduction in the level of UNICEF's support to all programmes, it would also be advisable to consider other economy measures. Since ACABO had proposed an over-all cut of 6 per cent in the budget for administrative services and programme support, the financial situation had become even more unfavourable and the appropriateness of a temporary freeze would have to be discussed. Fortunately, supplementary contributions to UNICEF for specific projects had increased more than had been foreseen in the 1980 financial plan, though not sufficiently to offset the lower general resources income. In the coming weeks, he would ask donors to make supplementary resources available to UNICEF, through multilateral, bilateral or other channels, in addition to their regular contributions to UNICEF's general resources, so that UNICEF would not have to further reduce the level of its support to programmes. He shared the hope of the Administrator of UNDP that Governments would respond to that appeal during the forthcoming Pledging Conference.

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32. It was no exaggeration to say that the survival of humanity depended in large part on the welfare of children. If the substantial results achieved since the establishment of UNICEF 35 years previously were not to be jeopardized, the current situation must not be allowed to continue and action must be taken along the lines proposed by the General Assembly in 1980.

AGENDA ITEM 69: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

(i) ENVIRONMENT

33. Mr. TOLBA (Executive Director, United Nations Environment Programme), introducing the report of the Governing Council of UNEP on the work of its ninth session, held at Nairobi from 13 to 26 May 1981 (A/36/25), said that, in accordance with a resolution adopted by the General Assembly in 1980, a session of a special character of the Governing Council, open to all States, would be convened in 1982 to commemorate the tenth anniversary of the United Nations Conference on the Human Environment, held at Stockholm in 1972. In its decision 9/2, the Governing Council had recommended that the General Assembly should adopt a draft resolution on the subject, to which the Economic and Social Council had requested the Assembly to give favourable consideration. Under that resolution, the session would be held at Nairobi from 10 to 18 May 1982, and Governments would be invited to be represented at a high political level. A statement of the financial implications of the session would be submitted to the Fifth Committee. At the session, the Council would have before it a brief general report reviewing progress made in the implementation of the Stockholm Action Plan, the setbacks encountered in that field and the principal developments relating to the environment. The report would also discuss in general terms the long-term problems in the environmental field and the means envisaged for solving them, and would contain recommendations on the major environmental trends to be addressed by UNEP over the forthcoming 10 years.

34. At its thirty-fifth session, the General Assembly had endorsed the recommendations of the Governing Council on the work of the United Nations system on the interrelationships between resources, environment, people and development, and had requested the Secretary-General to take the requisite steps for their implementation, in particular the elaboration of a system-wide environment work programme and the preparation by a high-level group of experts of new, detailed proposals. The new proposals appeared in annex II to the Governing Council's report. In its resolution 1981/73, the Economic and Social Council had endorsed those proposals, recognized the important role which UNEP should play in that connexion in accordance with its mandate and invited the General Assembly to request the Director-General for Development and International Economic Co-operation to ensure the implementation of the proposals in the above-mentioned work programme. The General Assembly, the Economic and Social Council and the Committee for Programme and Co-ordination continued to attach great importance to the establishment of a system-wide medium-term environment programme (1984-1989) and the Council had noted with satisfaction the views of the Administrative Committee on Co-ordination, which believed that such a programme would be extremely useful for the governing bodies of other entities in the United Nations system.

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With respect to the period 1982-1983, the Council had adopted a plan requiring resources of \$93 million from the Environment Fund. The Governing Council had set the total amount of resources to be collected for that period at \$120 million, but believed that the sums made available to the Fund would probably not exceed \$77 million. The Governing Council had therefore decided not to add any new priorities to those already existing.

35. Recently, two major international conferences had been of great interest to UNEP: the United Nations Conference on New and Renewable Sources of Energy, held in August 1981, and the United Nations Conference on the Least Developed Countries, which had just ended. It was gratifying to note in that connexion that the Programme of Action adopted by the United Nations Conference on New and Renewable Sources of Energy had stressed that questions relating to the environment should be taken seriously into account in the development of new sources of energy. The new Programme of Action adopted by the Conference on the Least Developed Countries also gave proper place to the environmental problems and prospects of the least developed countries and indicated what should be done so that their economic and social development could go hand in hand with environmental protection.

36. With regard to the question of environmental law the Governing Council had decided to convene, prior to the tenth session, an ad hoc meeting of senior governmental experts in environmental law. At its ninth session, the Council had decided that the meeting would take place in November 1981 at Montevideo. The preparations for that meeting were in progress. In that connexion, he thanked the Swedish Government for the generous financial aid it had provided to enable a number of developing countries to participate in the meeting. Pursuant to General Assembly resolution 3436 (XXX), the Committee had before it a note by the Secretary-General (A/36/142) introducing the report of the Governing Council on international conventions and protocols in the field of the environment.

37. He drew the Committee's attention to some decisions adopted by the Governing Council at its last session to which the Council attached special importance. Firstly, there was decision 9/15 B, which defined a world soils policy, established a plan of action for the implementation of that policy and contained guidelines for the formulation of national soils policies. With respect to environmental education and training and the strengthening of institutions dealing with those matters, the Council had revealed the importance it attached to that by adopting four decisions on the subject. Those decisions concerned environmental education at the university level, strengthening of the network of training institutions in environmental issues in Latin America and the Caribbean region, environmental education and training in the Asian and Pacific region, and the possibility of establishing a regional environmental training and education institute in the African region. In its decision 9/13 A, the Council had invited the Executive Director to proceed as rapidly as possible with the development of the World Climate Impact Studies Programme. The Council had also decided that the question of the relationship between the environment and development should have priority in the system-wide medium-term programme. Stress had been placed in particular on the development of methods allowing the environment to be managed rationally,

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integrated cost-benefit analysis from the ecological and economic point of view and the integration of the environmental dimension in technical assistance programming at the country level.

38. Another question which the Council had considered was that of regional seas. In 1980s, plans of action had been adopted for the seas of the West and Central African, Caribbean and East Asian regions. A convention had been signed with a view to promoting co-operation in the protection and development of the marine and coastal environment of the West and Central African regions. Lastly, UNEP was closely following developments at the Third United Nations Conference on the Law of the Sea.

39. The report of the Governing Council on the implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region was contained in document A/36/144. The United Nations Sudano-Sahelian Office (UNSO) continued to assist 19 developing countries of that region in the implementation of the Plan. That joint venture of UNDP and UNEP was proceeding in a very satisfactory manner. The Governing Council had responded positively to the recommendation made to it in 1980 by the General Assembly that it should examine the possibility of including Benin in the list of countries which received assistance in implementing the Plan of Action. The General Assembly, in its resolution 35/73, had urged the Consultative Group for Desertification Control to develop its work further and to ensure the availability of financial resources required for that purpose. The third session of the Consultative Group had been held in August 1981. Concrete progress had been made in the work of the Group, which could become one of the main mechanisms for obtaining resources required for the implementation of the Plan of Action to Combat Desertification.

40. In its resolution 35/73, the General Assembly had requested the Secretary-General to prepare, with the assistance of experts to be convened by the Executive Director of UNEP, (a) feasibility studies and concrete recommendations for the implementation of the additional means of financing deemed practicable by the Secretary-General, including those providing for predictable flow of funds; (b) the detailed modalities of obtaining resources on a concessionary basis; (c) a full feasibility study and working plan for the establishment of an independent operational financial corporation for the financing of desertification projects. The results of the above studies were contained in the Secretary-General's report (A/36/141), which made specific recommendations, particularly with respect to the establishment of the independent corporation. He hoped that those recommendations would be considered favourably by the General Assembly.

41. Financing matters deserved particular attention, since the Fund of the United Nations Environment Programme was facing a number of problems. Although contributions to the Fund had been pledged at a level sufficient to finance a large portion of the programme approved for 1980-1981, those pledged for the period 1982-1983 were very limited. If the 1982 approved programme was to be implemented in an orderly manner, it was essential that countries should indicate immediately the level of contributions they could pledge to the Fund, at least for 1982. There

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was also a growing tendency for countries to pay their contributions later rather than earlier in the year. If programmes were to be implemented within the year for which they were approved, it was essential that contributions pledged should be paid at the beginning of the year. Although progress had been made in using non-convertible currencies, there was still a need to ease the terms under which those currencies could be used outside the contributing country. The resources available to the Environment Fund had declined in real terms since 1978, if account was taken of inflation. The Governing Council had considered various proposals aimed at solving the problem, including that originating from the Government of Sweden for a "special window" in the Environment Fund to finance environmental activities in developing countries. However, no final agreement had been reached and the issue would be reintroduced at the tenth session of the Governing Council on the basis of consultations with Governments.

42. There were some matters related to the environment which required specific action by the General Assembly at its current session. In response to General Assembly resolution 35/71 on the problem of remnants of war 162 Governments had been consulted. Only 35 replies had so far been received, and only 19 of them had a substantive character. The report of the Secretary-General had been prepared on the basis of those replies and would soon be submitted to the Committee for its consideration. The paucity of replies had made the preparation of recommendations difficult, and the General Assembly might wish to urge Governments to co-operate more fully with the Secretary-General, so that he could prepare a concrete recommendation for consideration by the General Assembly at its thirty-seventh session. Secondly, by resolution 34/183, the General Assembly had requested the Governing Council to report to it on problems relating to marine pollution. The report had been submitted to the Economic and Social Council, which in its resolution 1981/73 had noted it with appreciation and decided to transmit it to the current session of the General Assembly. The Governing Council's report was contained in document A/36/452. By resolution 34/186 on co-operation in the field of environment concerning natural resources shared by two or more States, the Assembly had requested the Governing Council to submit to it at its thirty-sixth session a report on the progress made in the implementation of that resolution. The report prepared on the subject had been considered inadequate by the Governing Council, which had requested the Executive Director to review the matter in consultation with Governments and to focus on progress made in the application of the Assembly resolution. In response to General Assembly resolution 35/7 on the draft World Charter for Nature, he had solicited the views and observations of Governments on the draft and information on the efforts they were making in nature conservation. Forty-nine Governments had responded favourably to his letter and their views had been analysed. An Expert Group to consider the draft Charter and government views thereon had been convened in co-operation with the International Union for the Conservation of Nature. At its recent Council of Ministers, the Organization of African Unity had expressed the desire that UNEP should accelerate work on the Charter. On the basis of the suggestions of the Expert Group, a report containing recommendations for revising the present draft Charter, with a view to its adoption by the General Assembly, had been prepared. He hoped that a consensus would be reached on the Charter for Nature. Finally, by its resolution 35/8 on the

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historical responsibility of States for the preservation of nature, the General Assembly had requested the Secretary-General, in co-operation with UNEP, to prepare a report on the pernicious effects of the arms race on nature, and to seek the views of States on possible measures to be taken at the international level for the preservation of nature. In that connexion, the Governing Council had adopted decision 9/4, which, inter alia, provided for the submission of the report to the second special session of the General Assembly devoted to disarmament. The actions taken for the implementation of the General Assembly resolution and the Governing Council decision were set out in the Secretary-General's report on the subject, which would soon be available.

43. The issues to which the Governing Council of UNEP attached particular importance were adoption of the draft resolution on the session of a special character, as recommended by the Governing Council; approval of the recommendations on the interrelationships between people, resources, environment and development; approval of the recommendations of the Secretary-General on additional measures for financing the Plan of Action to Combat Desertification; and endorsement of the Governing Council's urgent appeal to Governments to make timely contributions to the Environment Fund. The complexity of the matters he had mentioned was one indication of the range of UNEP's activities and the problems it was facing, in a time of serious financial constraints. He hoped that in 1982, at the session of a special character, the Heads of State and Governments and Ministers who would forgather in Nairobi would show sufficient boldness of will and enough imagination to revive the sense of urgency and commitment which had found expression at Stockholm 10 years previously.

The meeting rose at 6:05 p.m.