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UNDP AND THE NEW INTERNATIONAL ECONOMIC ORDER

Report of the Administrator

SUMMARY

General Assembly resolution 33/198, inter alia, "invites the governing bodies of the organs and organizations concerned within the United Nations system to assess, within their respective areas of competence, the progress made towards the establishment of the new international economic order, as well as to indicate the obstacles that impede its establishment...., with a view to submitting comprehensive reports to the Assembly at its special session in 1980". This report is submitted by the Administrator as a possible basis for the Council's presentation to the eleventh special session of the General Assembly.

A draft decision is presented for the Council's consideration and adoption.

UNDP AND THE NEW INTERNATIONAL ECONOMIC ORDER

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I. INTRODUCTION

1. Since the adoption of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) containing, respectively, the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the evolution of development thinking and a number of world conferences have served to amplify the original concept of the new international economic order. While the concept of and the need for the establishment of such a new order have become increasingly widely understood and recognized, there is no universal view as to the precise elements which should constitute the revised order.^{1/}

2. Nevertheless, it is generally accepted that one of the cornerstones of any new international economic order must be a universal recognition of the interdependence of nations. The Declaration on the Establishment of a New International Economic Order states that "events have brought into sharp focus the realization that the interests of the developed countries and those of the developing countries can no longer be isolated from each other (and) that there is a close interrelationship between the prosperity of the developed countries and the growth and development of the developing countries The well-being of present and future generations depends more than ever on co-operation between all the members of the international community on the basis of sovereign equality and the removal of the disequilibrium that exists between them".^{2/}

3. This brief extract from the Declaration points to the two main thrusts of the quest for a new international economic order. The first is to change the global structure of economic relationships so that the sources and benefits of progress are more evenly distributed among developed and developing countries. In order to reduce the present one-sided dependence of the developing countries on the developed countries, an enhancement of the position of the developing countries in these relationships is required. The second broad thrust, which reinforces the first, is to foster the self-reliance of the developing countries, both collectively and individually. This report on UNDP activities relating to the establishment of the new international economic order is written within this general interpretation of the new international economic order, as currently perceived by UNDP.

4. The report examines the role and activities of UNDP in facilitating the transformation to a new international economic order. As pointed out in the Administrator's previous report on this subject,^{3/} this transformation calls for action primarily at the international level. First and foremost, it requires a continuing dialogue between developed and developing countries, and in most cases negotiations on complex issues are involved. Success in these areas depends primarily on the will of Governments, but other bodies can contribute by assisting the parties concerned to participate fully and effectively in the interchanges. Section II of this report points to some of the ways in which UNDP has been assisting in this process.

^{1/} This point was also made in the Preliminary version of the analytical report prepared by the Director General for Development and International Economic Co-operation and submitted to the thirty-fourth session of the General Assembly. See A/34/596, paragraph 3.

^{2/} General Assembly resolution 3201(S-VI).

^{3/} See DP/363/Add.5, Section I.

5. While essential, global negotiations alone are not sufficient for the attainment of a new international economic order and will have to be complemented by a strengthening of the developing countries themselves, both individually and collectively. It is now recognized that the developing countries will have to become increasingly mutually supportive and take greater advantage of their commonalities and complementarities. The activities being undertaken by UNDP to promote this co-operation among developing countries are highlighted in Section III.

6. In the final analysis, however, none of these international actions will succeed in establishing a new international economic order unless they are paralleled by action at the national level designed to enable individual countries to participate more actively and fully in global economic relationships. Moreover, the ultimate objective of the new international economic order is to improve the well-being of each individual in the developing countries. This requires not only economic growth, but also progress in the social dimensions of development. The high degree of concern with the social dimensions of development over recent years has been reflected in the convening of World Conferences on Employment, Primary Health Care, Agrarian Reform and Rural Development, the declaration of the International Water Supply and Sanitation Decade, etc. In order to achieve the objective of "banishing the prevailing disparities in the world" called for in the Declaration,^{4/} action is necessary internationally and domestically and in all aspects of development.

7. This raises a question as to the coverage of the Governing Council's report to the General Assembly. By their very nature, technical co-operation activities relate to all aspects of the development process, so that the report could make reference to the full range of, or at least a large proportion of, UNDP's activities. The Administrator considers that a comprehensive review of this nature would be exceeding the spirit of the request contained in General Assembly resolution 33/198. Moreover, the UNDP-financed components of programmes and projects are normally implemented by the relevant Specialized Agency within the United Nations system. Each of the Specialized Agencies has been invited to present a report to the eleventh special session and it may be expected that these reports will provide information on the respective Agency's operational activities designed to promote the establishment of the new international economic order, including those financed by UNDP. In addition, the nature and extent of UNDP's contribution to the attainment of a new international economic order at the country level depend largely on the wishes of the Governments of the individual developing countries. The majority of UNDP's resources are disbursed to developing countries and regions on the basis of UNDP's system of indicative planning figures (IPFs) and it is the prerogative of the Governments concerned to determine how these resources are utilized.

8. Taking these various factors into account, the Administrator considers that a selective approach can be used in the report to the General Assembly. Nevertheless, in comparison with last year's submission to the Council, the present report has been expanded somewhat to cover the main issues identified in the preliminary report prepared by the Director-General for Development and International Economic Co-operation,^{5/} and this additional material is contained in Section IV.

^{4/} General Assembly resolution 3201(S-VI).

^{5/} See A/34/596.

9. Immediately following the adoption of resolutions 3201(S-VI) and 3202(S-VI), UNDP undertook a study of the ways in which it could improve its procedures in order to improve its effectiveness in responding to the call for a new international economic order. This study addressed the issue of the nature of the technical co-operation process, rather than the particular projects undertaken, and resulted in the adoption of the new dimensions decision.^{6/} The essential features of this response by UNDP to the call for a new international economic order are summarized in Section V.

10. The Programme of Action and subsequent resolutions and decisions of the General Assembly and other United Nations bodies, including the new dimensions decision, point to the need for particular attention to be given variously to the least developed, land-locked and island developing countries. Recent years have also seen increased attention accorded to another disadvantaged group within the world community: women. Recognizing the particular needs of these different groups, General Assembly resolutions 34/198, 34/205, 34/210 and 34/204 request the Secretary-General, in his report to the special session, to pay appropriate attention to the situation regarding the land-locked countries, the island developing countries, the least developed countries and the effective mobilization and integration of women in development. Section VI summarizes the actions which have been taken by UNDP in its efforts to alleviate the handicaps which have been imposed on these underprivileged segments of the world population. Finally, Section VII summarizes the over-all contribution of technical co-operation to the establishment of the new international economic order and points to the need to continue to increase the flow of resources for technical co-operation purposes.

II. UNDP AND RELATIONSHIPS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES

11. The call for a new international economic order was brought about by a recognition that the improvement in the economic and social well-being of the peoples of the developing countries called for in the first and second development decades would not materialize to any significant degree in the face of the inequalities existing in economic relationships between developed and developing countries. It is necessary not only to change these relationships, but to change them in a way which would be equitable to all parties. A factor contributing to the present disadvantaged position of the developing countries has been their previous inability to participate actively and effectively as international economic relationships evolved. A more equal participation by the developing countries in the world economy would require, among other things, that these countries had the necessary knowledge, information, organization and expertise in those areas which are now recognized as being central to their future development. Because of its multilateral nature and in its capacity as a technical co-operation agency, UNDP can assist the developing countries in acquiring this knowledge, developing the expertise and undertaking the necessary organization. The following sections illustrate some of the ways in which these objectives are being pursued.

^{6/} See Official Records of the Economic and Social Council, Fifty-ninth session, Supplement No. 2A, (E/5703/Rev.1), paragraph 54.7.

A. International trading issues, including commodities

12. Trade dominates the economic relationships between developed and developing countries, and one of the objectives of the new international economic order is to correct the imbalances which have long existed in this dimension of the relationship. Trade between developed and developing countries has been characterized by a flow of raw materials from the developing to the developed countries and a flow of manufactures in the opposite direction. As a consequence, developing countries have borne the brunt of the known vicissitudes of commodity markets. At least two changes are required to remedy this situation: first, international agreement has to be reached on various improvements in international commodity markets; second, developing countries need to broaden their export bases in order to cushion any fluctuations in commodities markets which may occur. Both of these changes require international negotiations, in the first case on commodity agreements and the such like, and in the second case on tariffs and other measures designed to improve developing countries' access to markets for manufactures in the developed countries. For several years, UNDP has been assisting the developing countries (as a group or in regional sub-groupings) to prepare for negotiations on such issues as these. At the country level, it is often necessary to disseminate the results of the such negotiations and to make appropriate arrangements in order to take advantage of any new opportunities offered. This too has been an area of UNDP activity in recent years.

13. In the area of commodities, UNDP is financing a project (INT/75/006) which initially undertook technical studies on various aspects of international commodity stocks and is now carrying out regional and national country seminars and workshops for senior policy advisers on commodity matters.^{7/} Another project (INT/77/015) is designed to assist developing countries in negotiating the import of foodstuffs. In order to strengthen the trading position of groups of countries exporting particular commodities, UNDP has been assisting the Union of Banana Exporting Countries in Latin America and the Caribbean (RLA/75/003 and RLA/66/020), the sugar exporting countries in Latin America and the Caribbean (RLA/78/003), the jute producing countries in Asia (RAS/75/003), the coconut exporting countries in Asia (RAS/71/180, RAS/72/093 and RAS/72/145), the tea exporting countries (INT/77/008 and RAS/79/080) and the sisal and henequen exporting countries (INT/79/013). Under the auspices of a UNDP-supported project for cotton research and development (GLO/76/001), consultations are taking place regarding the establishment of Cotton Development International. This proposed inter-governmental organization would fund and co-ordinate research on cotton production, utilization, marketing and promotion and should thereby enhance the trading position of cotton-producing countries.

14. Even prior to the adoption of the Declaration and Programme of Action, UNDP financing was being used to assist the developing countries to prepare for the dialogue with developed countries on more general aspects of their trading

^{7/} UNDP 'fact sheets' have been issued for this and many of the other projects referred to in this report. In view of the need to limit documentation, this report makes only brief reference to each of the projects cited. More detailed information on each of these projects may be obtained from the relevant fact sheet.

relationships. From 1973 to 1979, UNDP has financed a series of regional and inter-regional projects which provided advisory services in connexion with the Tokyo Round of Multilateral Trade Negotiations (INT/72/073, RAF/73/002, RAS/73/017, RAB/74/008, and RLA/74/087). All of these projects terminated last year and will be the subject of an in-depth, joint UNDP/UNCTAD evaluation in 1980 to determine the extent to which the projects helped the developing countries prepare for and participate in the negotiations. The lessons learned during the execution of these projects will be used to determine future activities in this area. Another project in the general area of trade was designed to assist developing countries expand their exports using the tariff concessions available through the generalized system of preferences (INT/77/022). Other UNDP-supported activities in the last few years include projects to assist in the expansion of trade between the socialist countries of eastern Europe and developing countries (INT/76/011 and INT/79/003), to develop trade facilities for landlocked developing countries (INT/77/023), and to assist in external sector planning in the least developed countries (INT/77/027). UNDP has also financed projects (RAF/79/009, RLA/79/014 and RAS/79/013) to provide countries of the Africa, Caribbean and Pacific (ACP) Group with high-level expertise for their re-negotiation of the Lomé Convention. At the regional level, most UNDP activities in the field of trade focus on the expansion of trade within the region and are referred to in paragraph 22 below.

B. International monetary arrangements

15. It is generally recognized that the international monetary and financial system is dominated by the developed countries. One of the over-riding requirements for the establishment of the new international economic order is institutional reform to correct this imbalance. In the meantime, it is necessary to strengthen the position of the developing countries within the existing institutional framework. Again, a primary means of doing this is to increase the negotiating capability of the developing countries by improving their technical preparedness on the very complex issues involved in the different phases of discussion and negotiation. As an example of a project of this nature, a UNDP interregional project (INT/75/015) is providing assistance to the Group of Twenty-four in their preparations for negotiations with the developed countries on international monetary issues. Another project (RAB/79/009) is financing a series of studies and expert group meetings designed to examine the functioning of international financial institutions and to formulate proposals for the improvement of the present arrangements. It is anticipated that the report resulting from this project will be presented to the eleventh special session of the General Assembly. A similar project in Latin America (RLA/78/030) is being undertaken in co-operation with the Economic Commission for Latin America (ECLA).

16. At the national level, UNDP has also assisted individual developing countries in their financial relations with developed countries. In both Nicaragua and Zaire, UNDP has financed projects designed to assist the countries concerned in the re-scheduling of their external debt. In the case of Nicaragua, this activity has formed an integral part of the support provided to the International Fund for the Reconstruction of Nicaragua. In several other countries, assistance has been provided on general issues relating to the planning of the external sector.

17. In addition to improving the financial dialogue between developed and developing countries, some UNDP-supported projects promote monetary co-operation among the developing countries themselves. Examples are the assistance provided in the establishment of the Asian Clearing Union (RAS/74/034) and to the West African Payments Clearing Union (RAF/73/030).

C. Transnational corporations

18. As a result of their nature and size, transnational corporations are an important element in economic relations between countries. Moreover, they are based overwhelmingly in developed countries and their activities in individual developing countries sometimes dominate particular sectors of economic activity, and even accounting for a significant proportion of that country's output in a particular sector. On the other hand, transnational corporations can serve as an important source of investment capital for the developing countries and can contribute to the establishment of new industries. In the same way as developing countries sometimes require assistance in their preparations for economic discussions with developed countries, they also require background information and advice to strengthen their capabilities when negotiating with transnational corporations.

19. The United Nations Centre on Transnational Corporations (UNCTC) was established in 1975 and UNDP has collaborated closely with the Centre in providing advisory and training services in this field to developing countries, in part by financing a special adviser at the Centre since the beginning of 1977. The majority of the Centre's technical co-operation activities are funded from sources other than UNDP, but the Programme has financed a project to assist the Solomon Islands in negotiations on the development of their bauxite resources, and a training workshop in Portugal on negotiations with and regulation of transnational corporations. Two further training courses on negotiations with foreign investors have been financed from the Latin America regional IPF.

20. A project in Liberia (LIR/71/515) has included activities to assist the various Ministries in the Government to formulate policies and regulations for the granting of concessions for the development of the country's mining, forestry and rubber industries. UNDP has also financed an Expert Group Meeting on Transnational Corporations in Primary Export Commodities and this may be followed by an interregional seminar on the subject in 1981. In addition, UNDP is considering providing assistance in connexion with a proposed series of integrated case studies on various commodities the export of which from developing to developed countries features a high degree of involvement by transnational corporations. At a UNDP Intergovernmental Meeting on Programming for the Least Developed Countries in Asia held in November 1979, it was agreed that UNDP would finance a project to assist Bangladesh, the Maldives and Nepal in reviewing existing regulations on investment, in developing incentives to attract foreign investment and in negotiating with foreign investors on agreements and the establishment of joint ventures. In addition, the programmes of work of some other UNDP-assisted institutions (such as the Asia and Pacific Development Institute and the Asia and Pacific Development Administration Centre) include activities concerned with developing country relations with transnational corporations.

III. UNDP AND THE COLLECTIVE SELF-RELIANCE OF THE DEVELOPING COUNTRIES

21. The strategy of collective self-reliance permeates most facets of the economic and social development process and various examples of intercountry collaboration among developing countries have already been cited in Section II in the context of negotiations with developed countries, (for example on particular commodities). Further examples of co-operation among developing countries are given in the subsequent paragraphs relating to particular sectors.
22. Despite the varied nature of the areas of co-operation, recent years have seen the evolution of two concepts which embrace most of the efforts for collective self-reliance, namely economic co-operation among developing countries (ECDC) and technical co-operation among developing countries (TCDC). Each of these is a central component of the effort to create a new international economic order and each has received considerably increased attention in recent years in the international dialogue on development issues, both within the United Nations system and in UNDP itself.
23. The growing importance of TCDC was reflected in the convening of the United Nations Conference on Technical Co-operation among Developing Countries in Buenos Aires in 1978. The Administrator acted as Secretary-General of that Conference and TCDC activities have since become a significant aspect of the Programme's work. In accordance with the Plan of Action adopted by the Conference, the first of a series of High Level Meetings on TCDC is being convened in May 1980. This meeting will have before it a report by the Administrator on the progress which has been made in the implementation of the Buenos Aires Plan of Action.^{8/} This progress report, together with the report of the High Level Meeting itself, will be available by the time of the special session, so that a further description of TCDC activities is not included in the present report.
24. UNDP's activities to promote ECDC are also gaining momentum. UNDP and UNCTAD have agreed on a programme of ECDC and TCDC for the period 1980-1982. Discussions are taking place with other organizations of the system with a view to determining how best they may be associated with the programme. In the meantime, the programme will serve as a framework for UNDP-financed UNCTAD activities in the fields of trade, monetary and financial relations among developing countries, regional economic integration, the promotion of multinational production enterprises, technology transfer, transport and insurance. An interregional project (INT/79/029) has been approved to elaborate this programme into a specific plan of action, as well as to harmonize on-going activities in the core areas of the programme.
25. Although a major step in the evolution of UNDP's activities in the area of ECDC, this UNDP/UNCTAD joint programme was preceded by a number of projects designed to promote this aspect of collective self-reliance. Indeed, the Consensus specifies that "projects to accelerate the process of economic and social integration and to promote other forms of regional and sub-regional co-operation will have the first claim on the resources for intercountry programming"^{9/}; it follows that a significant proportion of UNDP's inter-country activities are of an ECDC nature. The majority of such activities take place at the regional and sub-regional level and the more important examples of regional ECDC activities

^{8/} See TCDC/3

^{9/} General Assembly resolution 2688 (XXV), paragraph 26.

are concerned with regional integration and trade promotion. In this area, UNDP has provided assistance to the Latin America Economic System (SELA) (RLA/77/004), to members of the Andean Group which are party to the Cartagena Agreement (RLA/71/724, RLA/75/8/5, RLA/75/086 and RLA/75/092), to the Central America integration process (RLA/75/062), to the Caribbean Common Market (CARICOM) (RLA/75/055), to the Association of South East Asian Nations (ASEAN) (RAS/75/015), to the Asian Trade Expansion Programme (RAS/71/722), to the Mano River Union (RAF/74/015 and RAF/78/014), to the Economic Community of West African States (ECOWAS) (RAF/77/032), to the Communauté Economique de l'Afrique Ouest (CEAO) (RAF/74/033), and to the Council for Arab Economic Unity (CAEU) (RAB/71/292).

IV. UNDP AND THE ATTAINMENT OF NATIONAL SELF-RELIANCE IN THE DEVELOPING COUNTRIES

A. Natural Resources

26. One of the key elements of the Programme of Action is the call for effective sovereignty by the developing countries over the use of their natural resources. This entails, inter alia, a knowledge of a country's natural resource endowments, the technical and financial capability to exploit any such assets and the ability to process or market them under fair marketing conditions. UNDP has long been associated with surveys and feasibility studies designed to increase the capability of the developing countries in exploiting their reserves of mineral resources. A large number of projects of this nature have been undertaken over the last three decades with the support of UNDP and its predecessor organizations and have resulted in the location of mineral resources worth tens of billions of dollars. UNDP continues to finance activities of this nature and mineral survey and/or exploration projects are currently underway in a number of countries. In the context of the new international economic order, however, it is more pertinent to point to intercountry mineral exploration activities, particularly those involving exploration for resources of the sea-bed since this is a particular area of concern. In East Asia, UNDP has been assisting the member countries of the Committee for Co-ordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas in developing their technical and scientific knowledge of the geological structure of offshore areas in the region and in developing their capability in carrying out offshore surveys. In the Pacific region, UNDP has been assisting the Committee for Co-ordination of Joint Prospecting for Mineral Resources in South Pacific Offshore Areas, a body responsible for investigating the existence of minerals such as manganese nodules, phosphate rock and bauxite, as well as petroleum. Activities have been concentrated around Fiji, Samoa, Tonga and the Solomon Islands and this project demonstrates the potential of co-operation among small countries in identifying a possible new source of mineral wealth to be managed by and for the benefit of the countries themselves.

27. Apart from offshore mineral resources, marine resources have assumed increased importance to the economies of the developing countries as a result of the recent agreement on the extension of national economic zones. It is estimated that some 85 to 90 per cent of the world's harvestable marine resources now fall within these boundaries, but the resources themselves do not respect the boundaries

that have been created. This situation calls for action by the international community to determine the extent, range and periodicity of the movement of these resources. In addition, smaller countries require assistance in the management and utilization of the resources within their boundaries and in their negotiations with other countries on these issues. As a continuation of its long association with intercountry fisheries development projects, UNDP has financed activities of this nature under, among others, the Indian Ocean Programme and the Eastern and Western Central Atlantic Fisheries Programmes.

28. In addition to increasing the utilization of their mineral and marine resources, developing countries stand to derive considerable benefit from the improved use of their other natural resources. Again, soil surveys, river basin projects, etc. have been a traditional field of UNDP activity, but recent years have seen increased attention being given to an intercountry approach to activities of this nature. The leading example of an intercountry multidisciplinary project of this type has been the assistance provided over many years to the Mekong Committee. In the last five years however, UNDP has played a major role in promoting similar activities in the Africa region. These activities include the Niger River Basin project, the Gambia River Basin project, the Logone River Basin project and the Lake Chad Basin project. Each of these projects is a co-operative endeavour of the developing countries concerned, designed to maximize the benefit derived from the land, water and other natural resources in accordance with their own priorities.

29. Recognizing the need for further action in the field of natural resources development and, in particular, the need to mobilize additional resources for high-risk mineral exploration capital, the General Assembly in 1973 established the United Nations Revolving Fund for Natural Resources Exploration.^{10/} The Fund commenced operations in 1975 with an initial resource base of some \$5.4 million and, after some difficulties in the early take-off stages, the Fund is now gaining wider acceptance among potential client countries. A recently completed project in Ecuador led to the discovery of an economic high-grade silver ore body, in which several mining companies have expressed interest. There are now ten approved projects and a pipeline of new projects has been developed for which additional financing will be required in 1980. The Fund's resources currently amount to almost \$31 million, of which some \$21 million have been fully committed. The balance of the Fund's resources are more than accounted for by a series of pipeline projects in advanced stages of formulation. At present, the Fund's mandate is limited to solid minerals, but the Governing Council and the Economic and Social Council are scheduled to comprehensively review the Fund's operations in 1981 and will give particular attention to the question of the future scope of the Fund's activities.

B. Energy

30. The 1970s have demonstrated the particular vulnerability of many developing countries to price fluctuations in the world market for energy, especially petroleum. A number of countries rely heavily on imported sources of energy and

^{10/} General Assembly resolution 3167 (XXVII).

these imports frequently account for a very significant proportion of the total value of their foreign trade. Coupled with relatively restricted possibilities for expanding the value of exports, an increase in the cost of imported energy often has serious balance of payments repercussions for these countries and consequent deleterious effects on their over-all rates of economic and social development.

31. These critical direct and indirect influences of energy availability on the development prospects of certain developing countries make it particularly important that these countries reduce their relative dependence on present sources of energy. Increased self-reliance in providing energy requires an increase in the exploration and development of conventional sources of energy in the developing countries concerned, the development of new and renewable sources of energy, and the more efficient use of available energy supplies. Because of the over-riding importance of energy questions to the developing countries, UNDP recently undertook a survey on conventional energy, non-conventional energy and energy conservation with a view to improving its assistance in this area. The results of this study are being made available to the Governing Council.^{11/}

32. At present, UNDP activities in the energy sector do not appear to be commensurate with the magnitude of the problem faced by most developing countries. The allocation of UNDP resources among sectors is the prerogative of the Government concerned but, because of the high costs and uncertain return, Governments rarely use their IPF resources for energy exploration projects. For this reason, the Administrator has proposed the creation of a Fund to enlarge the resources available for pre-investment activities in the energy field.^{12/}

33. In the absence of adequate development assistance resources for petroleum exploration projects, developing countries have had to rely primarily on transnational corporations to finance and undertake such activities. Such arrangements require extensive and complex negotiations in an area where most developing countries have had little exposure. UNDP has provided a number of countries (including Botswana, Chad, Guyana, Malta and Trinidad and Tobago) with technical support in these negotiations. More generally, UNDP has financed several projects designed to strengthen the institutional machinery responsible for the over-all management and control of exploration activities at the country level.

34. Energy planning and conservation and the development of conventional and non-conventional supplies of energy assume particular importance for countries which are unlikely to be able to meet their oil and natural gas requirements from existing or potential domestic sources. UNDP has financed a wide range of activities in these areas. At the intercountry level, a UNDP-supported project has assisted countries in Central America in establishing national energy planning groups and in examining oil and geothermal potential (RLA/76/012). The project has also undertaken a study of a possible intercountry electrical interconnexion and has established a number of pilot projects to examine the potential of various forms of non-conventional energy. Another project involving Mediterranean countries is establishing intercountry arrangements for the research, development and application of renewable sources of energy.

^{11/} See document DP/437.

^{12/} See document DP/438.

35. At the national level, a long term energy study was undertaken in Bangladesh to assist the Government in reaching a number of key decisions regarding the development of the energy sector, particularly the most appropriate use for the country's natural gas reserves. In the Republic of Korea, whose growing industrial base is heavily dependent on imported oil, UNDP has financed an energy conservation project. In Nepal, UNDP financed the preparation of a master plan for the over-all development of the country's considerable hydro-electric potential and this has been followed by UNDP-financed feasibility studies and engineering design work for some of the specific projects identified. Studies of the potential of geothermal energy have been undertaken in Chile, Ethiopia, India, Kenya and Central America. Nuclear power represents another potential source of energy and the economic feasibility of building a nuclear power plant was one of the issues addressed by the Bangladesh energy study. UNDP has also financed a number of uranium exploration projects: in Chile, Greece, Pakistan and Turkey, for example. There are also UNDP-supported projects designed to explore potential uses of solar energy, one example being a global project to determine the practicality of using solar energy as means of pumping irrigation water.

C. Transport and communications

36. Improved transport and communications among developing countries, as well as between developed and developing countries, are indispensable to the increased co-operation among all countries which the new international economic order is seeking to attain. The General Assembly gave testimony to this when it proclaimed the period 1978-88 as the United Nations Decade for Transport and Communications in Africa.^{13/} UNDP is not only actively participating in United Nations system activities for the Decade,^{14/} but has always had a sizeable programme of activities in the transport and communications sector, both in Africa and the remainder of the world. Many of these activities are at the country level, but others are of an intercountry nature, reflecting the common theme of co-operation among developing countries.

37. Maritime transport continues to be dominated by the developed countries and rectification of this situation requires, inter alia, the training of middle and high-level personnel for the merchant marines of developing countries. In Africa, UNDP is one of the participants in a programme to develop two Marine Academies, one for French-speaking countries and the other for English-speaking countries. Similar activities have also been financed in the other continents. In addition, UNDP is financing a number of interregional posts to assist developing countries in drawing up programmes for the development of their maritime sectors. The areas of activity covered include maritime training, maritime safety administration and marine pollution.

38. As part of their efforts to improve their transport links with the developed world, it is necessary for the developing countries to take advantage of the opportunities offered by new techniques in transportation, most particularly multi-modal transport. A UNDP-financed adviser in maritime and multi-modal transport is providing assistance to developing countries in, inter alia, adapting sea terminals and connected facilities in these countries to the needs of modern transport technologies.

^{13/} General Assembly resolution 32/160.

^{14/} See DP/369 and DP/459 for a description of on-going and proposed UNDP activities in support of the Decade.

39. In the area of postal services and telecommunications, UNDP has financed a large number of projects to develop these services at the national level. In the context of the new international economic order, however, it is more pertinent to point to some of the projects designed to foster the co-operation among developing countries which is essential in this area. In Africa, UNDP has provided assistance to the Panafrican Telecommunications Network (PANAFTEL) in its activities designed to establish new telecommunications links to replace the previous arrangements whereby communications between one African country and another were often routed through Europe. Similar projects to promote developing country links in telecommunications have also been financed in the other regions. These improved means of communication, as well as improvements in transportation links, not only foster developing country co-operation, but are also important in reducing the consumption of energy that is required to effect such communications.

D. Industrialization

40. As part of the general effort to broaden the participation of the developing countries in the world economy, one section of the Programme of Action was devoted to measures to increase the industrial production of the developing countries. This theme was subsequently elaborated by the Second General Conference of UNIDO, and endorsed by the General Assembly, in the Lima Declaration and Plan of Action on Industrial Development and Co-operation. The Lima Declaration contains one of the major quantified goals established by the international community in the quest for a new international economic order: increase the share of developing countries in industrial production as far as possible to at least 25 per cent by the end of the century.

41. As part of their quest to attain this target, developing countries are giving the industry sector increased attention when deciding on the technical co-operation requirements to be financed by UNDP. The range of activities covered by UNDP expenditures in the industry sector is extremely wide, but they may all be considered as enhancing, directly and indirectly, the industrial capabilities of the developing countries and may, therefore, be viewed as contributing to the attainment of the objectives of the Lima Declaration, and consequently, to the establishment of a new international economic order. The following few examples serve to illustrate the various ways in which Governments are requesting assistance from UNDP in this endeavour.

42. A key aspect of the industrialization process is the need to determine the demand, from both domestic and foreign sources, for potential industrial products of the developing countries. UNDP has financed studies of the problems and opportunities in establishing or expanding trade in different products, one example being a project to assist the Andean group of countries to quantify the market for various automotive vehicles. UNDP also finances a large variety of activities designed to assist in the establishment of new industries in developing countries and in the expansion, modernization and over-all development of existing industries. For example, in the heavy and modern industrial sectors UNDP has contributed to the development of the iron and steel industry in India by providing a part of the financing for a demonstration plant for the production of sponge iron. This project served both to adapt a new technology to local conditions, in particular to use indigenous raw materials, and to develop local knowledge of the technology involved. Similarly, in Argentina, UNDP has assisted in the development of the petrochemical industry.

43. The backward and forward linkages between the agriculture and industry sectors are not only well known, but recognized as being indispensable to the achievement of self-reliance in the developing countries. The processing of agricultural products can provide a basis for industrial growth, while industry has to provide inputs for the agriculture sector. UNDP is assisting in both of these aspects of the agro-industrial inter-relationship. In Cuba, UNDP is associated with UNIDO in a project which is establishing pilot plants to carry out experimental work on the production of newsprint and on the dissolving of pulp from sugar cane bagasse for rayon fibres. In Asia, a UNDP-supported regional project is assisting in the development of agricultural machinery. The project is a further example of co-operation among developing countries and involves, inter alia, the development of prototype equipment to meet local conditions and the promotion of local manufacture of appropriate machinery, tools and equipment in co-operation with manufacturers in both developing and industrialized countries. In the Arab States, UNDP is assisting a regional project designed to develop the production and utilization of fertilizers.

44. Industrial development calls for an increased supply of capital goods; developing countries will have to develop a capability to produce such goods in order to reduce their present dependence on the developed countries for these essential products. As one example of a rapidly industrializing country, Mexico has encountered a large growth in the demand for equipment and machinery, with consequent adverse effects on the country's balance of payments. With UNDP financing, UNIDO has been assisting the National Finance Corporation S.A. in programming the development of the capital goods industry, in undertaking detailed pre-feasibility studies, and in promoting the establishment and extension of capital goods manufacturing enterprises.

45. In common with the Programme of Action, the Lima Declaration stresses the need for co-operation among developing countries. UNDP has financed several activities involving economic co-operation among developing countries in the industrial sector. In Africa, UNDP is assisting the various sub-regional integration groupings in industrial planning. In Asia, pre-investment feasibility studies are being carried out for the production of pulp and paper based on indigenous materials in order to meet the anticipated demand of the countries of the Association of South East Asian Nations (ASEAN). In Latin America, in addition to the Mexico project cited above, UNDP is financing an intercountry project to assist in the formulation of a strategy for the development of capital goods industries throughout the region, taking into account Latin American multinational enterprises in this field.

E. Science and technology

46. Science and technology are central to all aspects of economic and social development. However, the use of science and technology is another area where there is a heavy imbalance in favour of the developed countries. Measures to improve and accelerate the transfer and adaptation of science and technology for the benefit of developing countries are an indispensable ingredient of efforts by developing countries to achieve self-reliance, and consequently, of the transition to a new international economic order. In recognition of this fact, the United Nations Conference on Science and Technology for Development (UNCSTD), was convened in Vienna in August 1979. The Programme of Action adopted by that Conference, inter alia, established an Interim Fund for Science and Technology for Development to be

administered by UNDP. The guidelines for this Fund were established by the General Assembly at its thirty-fourth session and a Pledging Conference for the Fund will be held in March 1980. In view of UNDP's responsibility for the administration of the Fund, UNDP's activities in this area can be expected to become an increasingly important component of its overall operational activities.

47. By their very nature, the transfer and adaptation of science and technology have always been vital aspects of technical co-operation and, consequently, UNDP was associated with activities in this area for many years prior to the convening of UNCSTD. An overview of these activities, together with UNDP's proposals for future action, can be found in the paper submitted to the Conference by the Administrator.^{15/}

V. OPERATIONAL MEASURES DESIGNED TO PROMOTE SELF-RELIANCE

48. As a contribution to the Council's first review of the action taken by UNDP in response to the call for a new international economic order, the Administrator reviewed the changes which had been made in UNDP's policies and procedures in order that the Programme might better respond to developing countries' evolving needs.^{16/} At the same time, the Administrator announced his intention to undertake an enquiry into the means and practices of UNDP technical co-operation activities. The findings of this enquiry were presented to the twentieth session of the Council^{17/}, and culminated in the Council's decision on new dimensions in technical co-operation, which was subsequently endorsed by the General Assembly.^{18/} The new approach to UNDP technical co-operation activities which was embodied in the new dimensions policies was a part of UNDP's over-all response to the issues raised in the General Assembly resolutions concerning the new international economic order.

49. The new dimensions decision defined the basic purpose of technical co-operation as being "the promotion of self-reliance in developing countries, by building up, inter-alia, their productive capability and their indigenous resources - by increasing the availability of the managerial, technical, administrative and research capabilities required in the development process". The thrust of the decision was on the concept of self-reliance, although it pointed to a number of areas where change was required in UNDP's technical co-operation practices. Above all, it emphasized the need to view technical co-operation in terms of outputs rather than inputs, and encouraged UNDP to broaden the nature of its activities in a number of ways:

^{15/} See A/CONF.81/BP/UNDP.

^{16/} See Official Records of the Economic and Social Council, Fifty-ninth Session, Supplement No. 2, (E/5646), Chapter V.

^{17/} See DP/114.

^{18/} See General Assembly resolution 3405 (XXX).

- (a) By adopting a more liberal policy towards local cost financing and by being more flexible in counterpart personnel requirements;
- (b) By providing, where appropriate, equipment and material resources;
- (c) By diversifying sources of supply of inputs and procuring goods and services on a preferential basis, in accordance with United Nations practice, from local sources;
- (d) By giving increased attention to TCDC;
- (e) By increasingly assigning responsibility for executing UNDP-assisted projects to governments and institutions in recipient countries;
- (f) By providing technical co-operation at any stage in the development process, including pre-feasibility, feasibility, engineering design and initial operation and management stages of investment projects;
- (g) By entering into partnership with sources of capital assistance; and
- (h) By giving special attention to the least developed countries.

50. In the five years since the adoption of the new dimensions decision, considerable progress has been made in developing the guidelines necessary for the application of these concepts, and attention is being focused on their utilization. In particular, substantial progress has been made in the area of TCDC as a result of a concerted effort by Governments. As indicated in paragraph 23 above, this subject is being extensively documented elsewhere and consequently is not examined further in this paper. Similarly, the progress made in diversifying the sources of supply of project inputs is covered in the Annual Report of the Administrator.^{19/} In common with other donors, UNDP has also become more flexible over the last five years in its attitude towards the financing of locally available inputs (such as support staff) which it previously expected to be provided by the Government. Several general purpose "programme support" projects have been approved, particularly for the least developed countries. Although these are used to acquire general purpose external inputs they are also a device for financing essential, locally-available goods and services which otherwise the Government would be unable to provide for budgetary reasons. While UNDP financing of such inputs may be required for the success of some projects, there is an opportunity cost involved and some Governments prefer to use their IPF resources purely for external inputs.

51. UNDP is also making increased use of qualified nationals as project personnel. This approach was supported by the Joint Inspection Unit (JIU) in its report on the role of experts in development assistance^{20/} which was discussed by the Governing Council at its twenty-fifth and twenty-sixth sessions of the 80verning Council.^{21/} UNDP has since issued instructions on the use of

^{19/} See DP/460 and DP/461.

^{20/} See JIU/REP/77/16, also issued under cover of DP/302.

^{21/} See E/1978/53, Chapter II and E/1979/40, Chapter XV, Section E.

nationals and a further report on this subject is before the Council's twenty-seventh session.^{22/} The JIU report also endorsed the call in the new dimensions decision for the increased use of government execution of projects. Instructions have been issued to UNDP Field Offices on this subject and efforts are being made to identify projects where this mode of execution can be employed. However, the attitudes of Governments towards the use of both qualified nationals and government execution are mixed.

52. Also in conformity with the new dimensions decision, UNDP has become more flexible in distinguishing between capital assistance and technical co-operation over recent years. In addition, UNDP has strengthened its relationship with various capital assistance bodies, most particularly the World Bank and the regional development banks. As an example of these linkages, UNDP is financing a number of pre-investment "umbrella" projects, executed by the World Bank, in the Asia region.

53. In view of the need to strengthen the pre-investment component of UNDP's activities, an Investment Development Office has been established at UNDP headquarters. One of the tasks of this Office is to ensure that the linkage between the pre-investment and investment phases of a project be recognized at the project design stage and, accordingly, be reflected in project activities. In order to identify other ways in which this linkage can be enhanced, a study on the subject has been undertaken and is before the twenty-seventh session of the Council.^{23/}

VI. SPECIAL ATTENTION TO DISADVANTAGED GROUPS

A. Least developed countries

54. Prior to the establishment of a United Nations list of least developed countries, the UNDP Governing Council had taken certain actions demonstrating its recognition of the particular needs of these countries. First, in establishing the IPFs for each country for the period 1972-1976, the Council requested the Administrator "in particular to ensure that special consideration is given to the situation of the least developed countries and of newly independent countries whose lack of adequate administrative infrastructure has prevented them from taken proper advantage of UNDP assistance".^{24/} Second, in establishing a Programme Reserve, the Council indicated that the Reserve should be used, *inter alia*, to meet ".... the needs of least developed countries...".^{25/} Following further discussions in subsequent sessions of the Council, resources from the Programme Reserve were added to additional contributions from donors to form the Special Measures Fund for least developed countries.

^{22/} See DP/443.

^{23/} See DP/472.

^{24/} Consensus, General Assembly resolution 2688(XXV), paragraph 16.

^{25/} Consensus, paragraph 27, and 11th session of the Governing Council.

55. General Assembly resolution 2768 (XXVI) approving the initial list of least developed countries requested UNDP to initiate action-oriented programmes in favour of these countries. Subsequently, the Governing Council increased the initial 1972-1976 IPFs for the LDCs by \$10.8 million to a total of some \$290 million. In its basic decision on resource allocation for the second programming Cycle, 1977-1981, the Council allocated some \$609 million to the 29 countries designated at that time as being least developed (of which one did not participate in the UNDP programme). This represented an increase of 138 per cent over the corresponding figure for the same group of countries for 1972-1976. These 29 countries received some 31 per cent of UNDP's total country IPF resources in the second cycle, compared with 22 per cent in the first cycle.^{26/} More recently, the Council was informed of the allocation of \$15 million from the Asia regional IPF for intercountry activities involving the seven least developed countries in that region.^{27/} There are similar intercountry activities for the particular benefit of the LDCs in the Africa region and an interregional project with the same objective (INT/74/022).

56. In addition, the Council at its fifteenth session adopted a proposal by the Administrator to use an amount of \$35 million as a planning figure for a Special Measures Fund for the LDCs for the period 1973-1976. This included \$15 million to be set aside from the Programme Reserve and it was expected that a further \$20 million would be forthcoming from special contributions over the period 1972-1976. By the end of 1976, the total resources made available to the Special Measures Fund amounted to \$47 million.

57. It was originally anticipated that contributions to the Special Measures Fund might cease at the end of the first IPF cycle in 1976 because the needs of the LDCs were taken into account in the Council's determination of country IPFs for the second programming cycle. Nevertheless, continuing interest in the development needs of the LDCs has caused some countries to continue to make contributions to the Fund: total resources now exceed \$85 million. The projects financed from this Fund form an integral part of the respective UNDP country programmes and are therefore closely co-ordinated with activities financed from other sources. The Special Measures Fund has been used to finance particularly those projects which would assist in overcoming the special difficulties faced by the LDCs. At its twenty-sixth session, the UNDP Governing Council commenced its consideration of the allocation of resources for the third programming cycle, 1982-1986. Preliminary discussions have indicated that there will be an increase in both the volume and proportion of UNDP resources allocated to the LDCs.

^{26/} Since the adoption of the Governing Council decision on second cycle IPFs, two additional countries, whose IPFs total \$11.2 million, have been added to the list of LDCs. Also, in accordance with certain General Assembly resolutions and Governing Council decisions, seven additional countries are being treated by UNDP as if they were LDCs.

^{27/} See Official Records of the Economic and Social Council, 1979, Supplement No. 10, (E/1979/40), Chapter XXI, Section D.IV, paragraph 11 and DP/SR.631, paragraph 32.

58. In addition to these UNDP resources, the operations of the United Nations Capital Development Fund (UNCDF), a separate entity within UNDP, are oriented, at the request of the General Assembly, towards providing capital assistance for direct and immediate benefits to the low income groups in the least developed countries. Such assistance involves relatively small projects which normally do not attract the interest of larger international financial institutions and, in pursuing its objectives, the Fund has evolved a development strategy unique among capital assistance institutions. Governments receive assistance on a grant basis and the funds provided may be passed on as credits to revenue producing projects. The projects are designed to facilitate rapid implementation, using simple technology adapted to local conditions and relying for managerial and technical assistance on governmental and non-governmental organizations as well as bilateral and multilateral agencies which can provide local supportive expertise. UNCDF-assisted projects enlist direct participation by the poorest segments in the society of the recipient country: some may be broadly classified as social infrastructure projects (e.g. low-cost housing, water supply in drought areas, rural schools and hospitals); some as production facilities (agricultural workshops, artisans' centres, rural co-operatives and agricultural processing plants); and others as productive credit projects (agricultural credit and guarantee schemes for small borrowers without bankable collateral security). By financing such small-scale capital investment projects in the LDCs, UNCDF fills an important gap in the external assistance requirements of these countries.

B. Land-locked developing countries

59. In the second IPF cycle, the characteristic of being land-locked was one of the 'supplementary criteria' determined by the Council in the allocation of the Programme's resources. In addition, in 15 of the 19 cases the countries concerned were classified as least developed and benefitted accordingly. In the determination of third cycle IPFs now in process, being land-locked is again one of the criteria being taken into account and it may be expected that the IPFs of these countries for the period 1982-1986 will be enhanced.

60. In addition, these countries stand to benefit from the United Nations Special Fund for Land-locked Developing Countries. This Fund has been made the interim responsibility of the Administrator, who has consulted closely with the Secretary-General of UNCTAD in all aspects of the Fund's operations. A report on the activities of this Fund is being presented to the Council at its twenty-seventh session.^{28/}

61. In common with all other activities, the nature of the projects financed by UNDP in the land-locked countries, either from IPFs or from the Special Fund, are determined by the Governments themselves. UNDP, in collaboration with UNCTAD and the Agencies concerned, continues to stand ready to assist these countries in overcoming the difficulties faced as a result of their geographical circumstances.

C. Island developing countries

62. The island developing countries as a group were not given special consideration in the allocation of UNDP resources in the first and second programming cycles. However, some multi-island projects in the Caribbean

^{28/} See DP/458.

and the Pacific have been financed outside the country and regional IPFs. Moreover, in the preliminary calculation of third cycle IPFs, additional weight may be attached to the island developing countries.

63. Most of the island developing countries are in the Caribbean and Pacific areas and in both cases a particular effort has been made in programming UNDP assistance to promote inter-island co-operation. In the Caribbean, UNDP has worked closely with the secretariat of the Caribbean Community (CARICOM), the secretariat of the Eastern Caribbean Common Market (ECCM), the Caribbean Development Bank (CDB) and other regional institutions in formulating projects relevant to the development needs of the region. Several sub-regional projects have been elaborated to cater to the needs of the countries in the Leeward and Windward Islands. In addition, UNDP is one of the sponsors of the Caribbean Group for Co-operation in Economic Development which is seeking to mobilize additional resources for the Caribbean countries, most of which are island developing countries. UNDP chairs the Technical Assistance Steering Committee of this Group and participates in its other development assistance initiatives.

64. In the Pacific region, a special programming mission was fielded in 1979 in co-operation with the South Pacific Economic Commission and the Economic and Social Commission for Asia and the Pacific (ESCAP), to identify and develop a programme which would be truly responsive to the needs and wishes of the Governments concerned, both individually and collectively. UNDP subsequently financed a meeting of the senior planning officials of these countries to consider the report of this mission. This was the first occasion on which the countries of the region had met jointly to determine the nature and scope of the assistance to be provided by UNDP in support of sub-regional co-operation. Following this meeting, UNDP approved a special allocation of \$12 million from the Asia and Pacific regional IPF to finance the programme of activities which had been agreed upon at the meeting. A further meeting to review progress is scheduled for November 1980.

D. Effective mobilization and integration of women in development

65. The significant contribution of women to development in the developing countries has been documented elsewhere.^{29/} In the context of the establishment of the new international economic order, women are important to the trading positions of many developing countries because they form a source of labour for the production of exports, both in the agricultural sector (for example, in cultivating and harvesting crops) and in the industrial sector (for example, in the production of textiles, electronics, etc.).

66. Both because of the potential role of women in promoting the self-reliance of the developing countries and because the Declaration states that one objective of the new international economic order should be a system "whereby the prevailing disparities in the world may be banished and prosperity secured for all", the role of women in development must be accorded increased attention. Activities relating to the effective mobilization and integration of women should be incorporated into UNDP projects, but this is not necessarily the case at present. Recognizing this

^{29/} See DP/453.

fact, UNDP has been conducting an action-oriented assessment of the participation of rural women in development. This study will be presented to the World Conference of the United Nations Decade for Women: Equality Development and Peace, and a summary of the study is being presented to the Council at its twenty-seventh session.^{30/}

67. Apart from this general consideration of the issue of the role of women in development, certain UNDP activities bear directly on the effective interaction of women in development. In many instances, the ability of women to enhance their position in society by becoming entrepreneurs is limited by the difficulties they face in obtaining financial business credit. One example of an effort to mitigate this problem is an organization entitled Women's World Banking which has been established to create a mechanism so that women can obtain loans from local credit associations more easily. In association with Women's World Banking, UNDP is financing a series of regional projects designed to manage a fund that will guarantee loans made to suitable applicants.

VII. FLOW OF RESOURCES DESIGNED TO PROMOTE THE ESTABLISHMENT OF THE NEW INTERNATIONAL ECONOMIC ORDER

68. This report has attempted to illustrate some of the ways in which technical co-operation activities can contribute to the establishment of a new international economic order. In the first instance, technical co-operation resources can be used for studies of international issues in such areas as trade, commodities and finance. The findings of these studies can be disseminated through seminars and other means, with the result that the developing countries are better able to participate effectively in discussions on the complex issues involved. Intercountry activities of this nature not only address this issue directly, but also can perform a catalytic function in identifying similar activities which can be undertaken at the country level. Secondly, technical co-operation can be used to enhance the collective self-reliance of the developing countries by promoting co-operation among the developing countries themselves. Thirdly, technical co-operation can strengthen the capability of individual developing countries to participate in the revised world economic structure because, as indicated in General Assembly resolution 3405(XXX) New Dimensions in Technical Co-operation, "the basic purpose of technical co-operation should be the promotion of self-reliance in developing countries by building up, inter alia, their productive capability and their indigenous resources and by increasing the availability of the managerial, technical, administrative and research capabilities required in the development process". As a catalyst and complement to capital assistance, technical co-operation can ensure that the developing countries are able to benefit from the changes which occur in the world economy.

69. Two recent authoritative reports have emphasized the need for a significant increase in the international flow of resources for development purposes and, in this broader context, have also recognized the important role of technical co-operation. The Brandt Report states that "greater technical assistance should be provided to assist (the poorer countries) with the preparation of programmes and

^{30/} See DP/453.

projects", while the Report of the Committee for Development Planning states that "in addition to financial and capital transfers, there will be a continuing need for flows of technical co-operation resources, including funds for pre-investment activities. Technical co-operation resources made available not only by developed but also by developing countries will continue to be a vital complement to other developmental inputs and should facilitate the development of self-reliance in the developing countries. Technical assistance is also necessary to give practical effect to some of the institutional changes required for the successful implementation of the (new International Development) strategy".^{31/}

70. Given these important benefits of technical co-operation, consideration needs to be given to the over-all volume of resources provided for technical co-operation purposes and to the role of the United Nations system in facilitating the technical co-operation process. In contrast with the recognized need for increased resources for technical co-operation, the future availability of the necessary funding on an increasing and assured basis is uncertain. Looking to the medium term, the Governing Council has established an Intergovernmental Study Group on the Future Financing of the Programme; this Group is expected to lay the basis for more predictable and assured financing of the Programme. This will not however, necessarily ensure that the volume of resources available to the Programme will be commensurate with its capacity to respond to the needs of the developing countries for technical co-operation, and recent developments give cause for concern in this regard.

71. From the beginning of the first cycle until the end of 1979, UNDP was successful in attaining its target rate of growth of resources of 14 per cent per annum on average. However, contributions pledged to UNDP for 1980, the first year of the new Development Decade, are below this target and are considerably less in real terms, given present rates of inflation, than those pledged for 1979. While recognizing the current economic difficulties of some of the developed countries, the Administrator considers that it would be unfortunate if these difficulties were allowed to overshadow the urgent need to increase the flow of resources for development, including those for technical co-operation purposes. More particularly, the Administrator is concerned that the momentum which UNDP has re-gained during the second IPF cycle as a result of Governments' long-term commitment to the Programmes might be impaired if these policies are not reversed.

72. The mutuality of interests and the interdependence of the developed and the developing countries in this period of economic uncertainty have been documented elsewhere. The Administrator considers that this report illustrates the contribution which technical co-operation activities can make in assisting Governments to bring about some of the more significant international and national structural and institutional changes which are required to establish a new international economic order and thereby to help ensure that world economic progress is sustained and that the welfare of the poorer segments of the world's population is enhanced. Given the necessary financial resources, UNDP will continue to undertake activities with these imperative objectives.

^{31/} See Official Records of the Economic and Social Council, 1980, Supplement No. 2, (E/1980/3), paragraph 85.

VIII. DRAFT DECISION

The Governing Council

Takes note of the report by the Administrator on UNDP and the new international economic order (DP/470); and

Requests the Administrator, on behalf of the Council, to transmit the report, together with the views expressed during the discussion of this item, to the eleventh special session of the General Assembly.

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