

HGM (79) 8th Session

COMMONWEALTH HEADS OF GOVERNMENT MEETING
LUSAKA, 1-7 AUGUST 1979

*RECORD of the Eighth Session held at Mulungushi Hall, Lusaka,
on Monday, 6 August, 1979 at 2.45 p.m.*

Present :

His Excellency Dr. K. D. Kaunda, President of Zambia
(*in the Chair*)

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| The Right Hon. Malcolm Fraser, MP,
Prime Minister of Australia | The Hon. Perry G. Christie, Minister of
Health and National Insurance, The
Bahamas |
| HE Mr. A. R. S. Doha, High Commis-
sioner to the United Kingdom,
Bangladesh | The Right Hon. J. M. G. M. Adams,
MP, Prime Minister of Barbados |
| The Hon. A. M. Mogwe, Minister of
External Affairs, Botswana | The Right Hon. The Lord Carrington,
Secretary of State for Foreign and
Commonwealth Affairs, Britain |
| The Right Hon. Joe Clark, Prime
Minister of Canada | HE Mr. Spyros Kyprianou, President
of Cyprus |
| The Hon. M. A. Douglas, Minister
for Finance, Trade and Industry,
Dominica | Mr. J. Kotobalavu, Secretary for
Foreign Affairs, Fiji |
| The Hon. L. K. Jabang, Minister of
External Affairs, The Gambia | HE Mrs. Gloria Nikoi, Commissioner
for Foreign Affairs, Ghana |
| The Hon. M. Bishop, Prime Minister of
Grenada | The Hon. R. E. Jackson, Minister of
Foreign Affairs, Guyana |
| The Hon. Shyam Nandan Mishra,
Foreign Minister, India | The Hon. Michael Manley, Prime
Minister of Jamaica |
| The Hon. Dr. R. Ouko, MP, Minister
for Economic Planning and Com-
munity Affairs, Kenya | HE Mr. I. T. Tabai, President of
Kiribati |
| The Hon. C. D. Molapo, Minister for
Foreign Affairs, Lesotho | The Hon. D. T. Matenje, MP, Minister
of Education, Malawi |
| The Hon. Tengku Ahmad Rithauddeen
bin Tengku Ismail, Minister of
Foreign Affairs, Malaysia | The Hon. Dr. Philip Muscat, MP,
Minister of Education, Malta |
| Dr. The Right Hon. Sir Seewoosagur
Ramgoolam, Prime Minister of
Mauritius | The Right Hon. R. D. Muldoon, Prime
Minister of New Zealand |
| HE Major-General H. E. O. Adefope,
Commissioner for External Affairs,
Nigeria | The Right Hon. Michael T. Somare,
CH, MP, Prime Minister of Papua
New Guinea |
| The Hon. George Odium, Deputy Prime
Minister, St. Lucia | HE Mr. F. A. Rene, President of
Seychelles |

The Hon. Dr. Abdulai Conteh, Minister of Foreign Affairs, Sierra Leone

The Right Hon. Peter Kenilorea, Prime Minister of Solomon Islands

The Right Hon. R. V. Dlamini, Minister without Portfolio, Swaziland

H R H Prince Tupouto'a, Minister for Foreign Affairs and Defence, Tonga

Hon. Otema Allimadi, Minister of Foreign Affairs, Uganda

H E Mr. Shridath S. Ramphal, *Secretary-General*

The Hon. C. T. Goh, Minister for Trade and Industry, Singapore

The Hon. R. Premadasa, Prime Minister of Sri Lanka

The Hon. Pius Msekwa, Chief Executive Secretary and Member of Central Committee of C C M, Tanzania

H E Mr. Eustace Seignoret, High Commissioner to the United Kingdom, Trinidad and Tobago

The Hon. Vaovasamanaia Filipo, Minister for Finance, Western Samoa

Also present :

AUSTRALIA

Mr. A. T. Griffith

BANGLADESH

Mr. A. Momen Choudhry

BOTSWANA

Mr. L. Mothibatsela
Mr. M. Mbaakanyi

CANADA

The Hon. M. Asselin

DOMINICA

Mr. Julian N. Johnson

THE GAMBIA

The Hon. Alhaji M. L. Saho

GRENADA

Mr. G. Louison
Mr. George E. R. Bullen

INDIA

Mr. A. F. Couto
Dr. I. P. Singh

THE BAHAMAS

Mr. R. L. Wood

BARBADOS

The Hon. H. de B. Forde
Mr. A. W. Symmonds
Mr. S. E. Emtage

BRITAIN

Mr. R. A. R. Barltrop
Mr. G. G. H. Walden

CYPRUS

H E Mr. Filios Grammenopoulos
Mr. A. Christofides

FIJI

Dr. I. Lasaga
H E Mr. J. D. Gibson

GHANA

H E Mr. A. F. Afful
Mr. I. K. Davies

GUYANA

Mr. C. B. Greenidge

JAMAICA

The Hon. Carlyle Dunkley
Mr. Don Brice

KENYA

The Hon. Dr. M. Waiyaki

LESOTHO

The Hon. C. C. Mofeli
Mr. T. T. Thahane

MALAYSIA

H E Tan Sri Ishak bin Haji Pateh Akhir
Mr. R. V. Navaratnam

MAURITIUS

The Hon. R. Ghurburrun
Mr. B. Ghoorah

NIGERIA

H E Ambassador E. N. Oba

ST. LUCIA

Mr. Earl Huntley
Mr. Charles Cadet

SIERRA LEONE

H E Dr. S. T. Matturi
H E Mrs. F. Joka-Bangura

SOLOMON ISLANDS

Mr. Francis Bugotu
Mr. Frank Saemala

SWAZILAND

The Hon. Prince Nqaba
Mr. V. E. Sikhonze

TONGA

Mr. T. Tufui

WESTERN SAMOA

H E Mr. M. I. Toma
Mr. A. L. Hutchison

KIRIBATI

Mr. A. Baiteke
Mr. A. O. Davies

MALAWI

Mr. G. Kalinga

MALTA

Mr. E. A. Causon
Mr. T. Zammit

NEW ZEALAND

Mr. H. C. Holden
Mr. A. M. Bisley

PAPUA NEW GUINEA

Mr. Mekere Morauta
Miss Jean Kekedo

SEYCHELLES

Mr. D. Thomas
Mr. F. Marie

SINGAPORE

Mr. S. Dhanabalan
Mr. Lim Chee Onn

SRI LANKA

The Hon. Ranil Wickremasinghe
Mr. Bradman Weerakoon

TANZANIA

The Hon. Edwin Mtei

UGANDA

Engineer J. Zikusoka

ZAMBIA

The Hon. W. P. Nyirenda
The Hon. W. M. Chakulya

Secretariat :

Mr. E. C. Anyaoku
Mr. D. A. Anderson
Mr. M. Malhoutra
Mr. C. W. Sanger
Dr. B. Jalan
Dr. B. Persaud

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I. COMMONWEALTH CO-OPERATION

Dr. Kaunda indicated that there were a number of specific sub-items under the item on Commonwealth Co-operation, some of which had been remitted to the Committee of the Whole for initial consideration and with which Heads of Government would be dealing later when the Committee's report was discussed. Their discussions that afternoon would deal primarily with the proposals for a programme of industrial co-operation which would be introduced by Mr. Kyprianou and with the Commonwealth Fund for Technical Co-operation introduced by Mr. Adams. He hoped his colleagues would feel free to express their sentiments about Commonwealth co-operation generally, including its regional dimension in the light of the innovation of the successful Commonwealth Heads of Government Regional Meeting held in Sydney the previous year. Heads of Delegation had earlier seen two splendid films prepared by the Secretariat on the CFTC's operations and the Commonwealth Arts Festival held in Edmonton, Canada. Those provided a glimpse of the effectiveness of the Commonwealth at grass-roots level and were an important reminder that the Commonwealth was very much more than conferences or meetings, even those of Heads of Government.

Mr. Binaiasa had described the plight of Uganda and Dr. Nyerere the heavy burden that Tanzania was continuing to shoulder in that country. The Secretary-General had informed Heads of Government in his biennial report that he had committed the Secretariat's resources to the essential task of appraising the character and magnitude of Uganda's needs. That was an area of immediate Commonwealth concern, where the Commonwealth could give a lead to the wider international community.

Mr. Fraser, Australia, referring to the Commonwealth Heads of Government Regional Meeting in Sydney, said the idea began out of a discussion at the 1977 Heads of Government Meeting. In a sense it was an experiment and he believed it was one which had proved itself to be worthwhile. It had added a new dimension to Commonwealth activities without in any way detracting from the association's broader concerns or seeking to discuss matters which ought properly to be the responsibility of the full Heads of Government Meeting. All Heads of Government had been fully informed of what took place and the outcome of the Sydney Meeting. It had established four consultative or working groups representing the 12 participating countries from Asia and the Pacific. Australia was co-ordinating a Consultative Group on Trade whose principal function was to see what barriers to increasing trade existed among them. India was hosting a Consultative Group on Energy which was looking especially at problems at the village level which was of particular importance. It was found that there was a similarity of energy needs between large developing countries and the small island states. Even though India was one of the world's largest and most significant nations and might therefore seem to have different interests from the small countries in the Pacific, in a number of areas their interests did in fact coincide. The group was performing an important task in developing alternative sources of energy, and events of recent months had certainly underlined the necessity for making progress in that area. Singapore was chairing a Working Group on Terrorism and Malaysia was co-ordinator of a Working Group with a mandate to see what the countries could do to better combat trade in illicit drugs. Some useful work had been done in those groups and the fact that they had been established was a positive example of Commonwealth leaders trying to do something constructive about shared problems.

The Sydney Meeting had also established a Commonwealth liaison office to assist the countries in the Pacific which the Australian Government was happy to finance for an initial trial period of two years. It was to be hoped that Solomon

Islands and Kiribati would join in future meetings. India had offered to host a second such meeting in New Delhi in 1980. A number of countries had perhaps approached the Sydney Meeting with a degree of scepticism but at the end of the day more than one country had been prepared to host the next meeting, thereby indicating that they regarded the innovation as having been worthwhile.

There was another aspect to those regional meetings which was of particular significance. The full meeting of Commonwealth Heads of Government involved itself in major international issues with which the Commonwealth was directly concerned. Commonwealth leaders therefore seldom had enough time to talk about the significant and severe problems of the smaller member states, for example. At the Sydney Meeting, however, where a large number of small states were represented, their particular difficulties and needs were given a great deal of attention and the subject had then been referred for further study to the Secretariat which had prepared a programme of action that had now, by and large, been adopted. It was an instructive instance of the way in which regional meetings could be used as a forum for a thorough discussion of certain important Commonwealth problems which could otherwise only barely be touched upon by Heads of Government because of lack of time. He believed the general consensus had been that the regional meeting experiment was a success and had helped identify areas of common interest and needs between the different countries of the region. It represented a new kind of Commonwealth co-operation and was a useful additional mode of Commonwealth consultation.

Mr. Mishra, India, expressed pleasure that India's invitation to host the next Heads of Government Regional Meeting had been accepted. Sydney had produced impressive results. It had initiated several dynamic programmes in the region, particularly the activities of the Consultative Group on Energy of which India was the co-ordinator. At its meeting in October 1978 the Group had worked on several programmes of research and development in respect of alternative and renewable energy resources as well as on studies of integrated rural energy systems; Australia had provided a data base and other support. That work had aroused considerable interest from Commonwealth countries outside the region. As the Australian Prime Minister had just indicated, it was desirable that the Group share the results of its work with other countries as it was of critical relevance in the present energy crisis. He was confident that the second meeting in New Delhi would open up new areas of constructive co-operation and follow up the success of the Sydney Meeting.

II. INDUSTRIAL CO-OPERATION

Dr. Kaunda having expressed good wishes for the success of the New Delhi meeting proposed that the discussion should next focus on Industrial Co-operation, sub-item 4a and the Secretariat's paper on the subject, HGM (79) 12. Recalling that at their two previous meetings, Heads of Government gave considerable attention to industrialisation as a means of promoting economic development and curing unemployment, he noted that those discussions were now coming to practical fruition. Ministers concerned with industrial development had met in Bangalore in March to consider the report of the Team of Industrial Specialists. The Bangalore meeting was positive and constructive. The Ministers had attached great value to the Commonwealth action programme proposed in the report for helping Governments to grapple with the urgent problems they faced in setting up new industries and making existing ones more efficient. He hoped that the same positive spirit would be in evidence during the present discussion.

Speaking on his own behalf, *Dr. Kaunda* said that he would regard the launching of a Commonwealth programme of industrial co-operation as one of

the most significant and practical achievements of the Meeting. He therefore very much hoped that his colleagues would make not only an intellectual contribution but a financial contribution as well, so that the programme could get under way quickly. It would be one way of giving a swift practical answer to the urgent economic problems that beset member countries.

Mr. Kyprianou, Cyprus, welcomed the opportunity of introducing the proposed Commonwealth action programme on industrial co-operation. Co-operation had been rightly characterised as the life blood of the Commonwealth association. The launching of a co-operative action programme in an important new field of endeavour could, as the Chairman had said, be one of the significant achievements of the Lusaka Meeting and in his own view would constitute a hallmark in the history of the Commonwealth's collective efforts towards promoting the common interests of member countries.

Nearly fifteen years before, the political drive for consultative and co-operative centralisation had led Commonwealth leaders to establish the Secretariat as an instrument for promoting development among the newer member countries. The expectations of the Secretariat's founding fathers had been fully justified. The early successes of a limited Commonwealth programme for technical co-operation, established in the late sixties, led, at the 1971 Heads of Government Meeting in Singapore, to the creation of the CFTC and the projection of functional co-operation as an indispensable means of supplementing and promoting Commonwealth consultation. A clear trend towards increased functional co-operation emerged at the Ottawa Meeting in 1973 where Heads of Government stressed the value of strengthening practical co-operation between member countries, and of working within other international and regional organisations in order to give medium and small countries a more effective voice and to assist them in improving the living standards and the quality of life for all their peoples.

The particular need for an expansion of co-operative action in order to promote industrial development in developing countries was identified by Heads of Government at their Meeting in Kingston in May 1975, and the various steps which led to the Bangalore ministerial meeting in March 1979 and to the action programme agreed there had been outlined in the Secretary-General's memorandum. He wished to stress the importance of industrialisation for developing countries. That had indeed long been recognised by international organisations and the establishment of UNIDO was proof of the significance which the world community attached to industrial development.

The action programme agreed at Bangalore would give a Commonwealth dimension to industrial development. The proposals before Heads of Government contained a number of important elements, *viz.* the establishment of an Industrial Development Unit within the CFTC, whose functions would include pre-investment services such as project identification and formulation, feasibility studies, strengthening of local industrial promotion and expansion services, provision of training opportunities; promotion of local entrepreneurship by organising exposure visits to Commonwealth countries to learn from others' experience; and the preparation by the Secretariat of a study on the possible need for a Commonwealth venture capital company. That programme, which was based on the report of the Team of Industrial Specialists, would undoubtedly promote intra-Commonwealth co-operation in a vital sector and help to accelerate the pace of industrial development in less developed member countries. It was a modest but a practical programme that was intended to complement and not duplicate or replace larger existing international and national programmes. It would fill gaps by providing a service for the smaller countries. Above all it was designed to cater to the needs of Commonwealth countries by taking advantage of the special relationship that prevailed amongst them. Governments could confidently expect it to act as fast, as flexibly and as reliably as the other programmes of the CFTC, to which the Government of Cyprus for one owed a lot during the past five years.

For the action programme to be effective, the Ministers of Industry felt that it must be assured of a certain continuity and had recommended that a sum of the order of £5 million should be allocated for an initial three year period. The Secretariat had, however, advised that such an amount could not be found within the existing CFTC budget and that it was necessary for governments to pledge additional sums for that purpose. He was sure that all Commonwealth Governments would respond positively. The Government of India had already offered substantial assistance in support of the programme and others, including that of Cyprus, would no doubt follow the example.

Mr. Kyprianou emphasised that the Commonwealth programme for industrial co-operation could not be truly effective unless necessary action was taken by industrialised countries to allow access for the manufactured exports of developing countries. In that, as in other matters, governments looked to the more developed countries within the Commonwealth to set an example to the rest of the world, in pursuance of the commitment to economic justice embodied in the Declaration of Commonwealth Principles which was aimed at progressively removing the existing wide disparities in wealth between different sections of mankind. The CFTC, one of the world's most effective technical assistance programmes, was already playing a significant role in realising that objective and there was no doubt that the new programme to be implemented by the Industrial Development Unit to be established within the Fund, would become another Commonwealth success in the field of functional co-operation. Since Commonwealth functional programmes were accepted as genuine instruments for serving the interests of member states, Heads of Government would wish to give their blessing to the projected action programme on industrial co-operation and to endorse the conclusions and agreements reached at the Bangalore ministerial meeting, thereby injecting a new element of dynamism into the Commonwealth relationship.

Mr. Mishra, India, said that as the representative of the country which had the privilege of hosting the Meeting of Commonwealth Industrial Ministers at Bangalore in March 1979, he would like to elucidate some of the basic premises that went into the formulation of the industrial action programme. The background was the world economic situation. Its depressing trends, more aggravated now, had already been in evidence at the time of the Bangalore meeting—balance of payments difficulties, reduction in assistance from developed countries, the energy crisis, food deficits, and a regression in efforts to meet the Lima target of industrialisation for developing countries.

India's own contribution to that meeting had been articulated in terms of its wide ranging national experience, including its mistakes and the attempts to correct them, and of sharing freely that experience with other developing countries. It had also been able to provide graphic presentations of the re-orientations of its industrial and economic policies, by organising visits to its scientific institutions, to factories in both the public and private sectors, and to a large number of small-scale and rural industries relating to handlooms, sericulture, hand-made paper, safety matches, power looms, bio-gas, soap making, cement based on utilisation of agro-wastes, and light engineering. The Indian Government had recognised certain essential components of industrial and economic growth, namely: planning directed towards the utilisation of resources for meeting basic needs and providing inputs of capital formation for self-generating growth; self reliance emanating from hard decisions to develop India's most precious asset, manpower and indigenous resources; an emphasis on agriculture and the interaction between agriculture and industry; development of labour-intensive and rural industries; the application of science and technology in generating a process of assimilation and innovation in keeping with national objectives of self-reliance that would permeate the entire range of the planning process; and a statutory reservation of production of items by cottage industries and by the small-scale sector.

India was pleased that several developing countries appreciated those basic premises of economic growth and were endeavouring to realise them not only in national policies but also in projects of bilateral co-operation that were yielding positive results. As examples of the latter, he cited benefits of co-operative projects in several small-scale and rural industries with Tanzania, Sri Lanka and Kenya as well as steps taken to initiate the development of machine building, by the manufacture of machine tools in Nigeria, Kenya, Malaysia, and Sri Lanka; and joint industrial enterprises in Zambia, Malaysia, Singapore, and Sri Lanka.

The Bangalore meeting had first reviewed the Commonwealth's strengths and weaknesses: about 25 per cent of the world's countries and population, but over 80 per cent of the absolute poor; a rich diversity of culture, religions, races, languages, climate, soil, resources and expertise; ties that united member countries in the struggle for political and economic freedom; and the deep sense of human value cherished and shared as part of that struggle. Then there had been general disillusionment with the scant progress achieved towards the realisation of sentiments expressed at international forums for the growth of developing countries. For example, in 1975 it had been agreed that the share of the developing countries in the world's industrial output should be increased to 25 per cent by the year 2000. Their share in 1975 had been 7 per cent, and after five years it had actually gone down to about 6 per cent instead of climbing to 12 per cent. The economic growth rate, which should have been 5 per cent by 1979, was only about 2 per cent, while the industrial growth rate, which should have been 8 per cent, was between 3 and 4 per cent. Unemployment was on the increase and estimates for the number of people who were currently unemployed ranged between 130 and 160 million. Several of the Commonwealth countries had serious food deficits. In the face of those massive problems the Bangalore meeting had decided against passing any kind of statement of pious wishes but chose instead to work out a programme of action within an agreed time-frame.

Another heartening feature of the meeting had been the urge of the developed countries to help their fellow members from the developing world. Heads of Government had just heard of Australia's laudable plan to initiate structural changes for the transfer of resources for accelerating the economic growth of developing countries. There were other outstanding examples of co-operation—dairy development from New Zealand, rubber and edible oils technology from Malaysia, machine tools, industrial estates and village industries from India, hydro-electric generation from Canada, training centres from Britain and so on. The full list would embrace each country of the Commonwealth, the complementary resources of which were tremendous. However, all that wealth and strength was not yet directed towards a purposeful plan of action.

Heads of Government were concerned with the disabilities of the island developing member countries but before they considered piecemeal projects each of those countries should be helped in preparing a co-ordinated, integrated and perspective plan for their socio-economic development. The Government of Solomon Islands, for instance, had requested a perspective plan for the utilisation of the main crop, coconuts, its diversification, food security, the building up of an infrastructure and the provision of mass employment. In most of the developing countries of the Commonwealth mass participation in the economic and planning process was crucial. That would mean mass industrialisation, with the macro-plan sustained by micro-plans for numerous units or villages. That would also mean the development of the primary mass industry, namely, agriculture. All in all, it would mean production by the masses for the masses. In India, as an example, it was now evident how the formulation of planned development had helped in laying foundations for the optimum utilisation of indigenous resources in men and materials and its direction towards the welfare of villages where India's masses lived and toiled.

The Commonwealth action programme for industrial co-operation was the first positive step in the right direction. India had declared its commitment to it in Bangalore and on behalf of the new Government Mr. Mishra reiterated that commitment, urging that the programme be put into action speedily. The programme, and the organisation envisaged to implement it, represented a focus of the Commonwealth's complementary resources directed towards accelerating economic growth, which was crucial for developing countries. It should act as a catalyst and multiplier of what essentially was for the government of each developing country to initiate and implement—the formulation of its own perspective socio-economic plan, the laying of the foundations of economic self-reliance and the undertaking of mass industrialisation.

Mr. Mishra went on to say that his Government supported the creation of a special account and stood by its commitment to contribute £1 million, in the expectation that other countries, particularly the developed ones, would likewise make substantial contributions. It also supported the direction of the programme, which was being started with modest resources, towards serving as a catalyst not only for bilateral and multilateral co-operation, but, more importantly for industrial and economic planning by individual countries towards the motivation for, and implementation of, mass industrialisation of the developing world of the Commonwealth.

Dr. Kaunda asked the Indian minister to convey the Meeting's grateful thanks to the people and Government of India for their outstanding financial contribution to the action programme which he hoped would be emulated by other governments.

Lord Carrington, Britain, said that his Government shared the generally accepted thesis that developed and developing countries had a common goal in promoting economic growth and that industrial development was, of course, essential to that growth. Britain had indeed already demonstrated the importance it attached to industrial development, not only through the support it had given to multilateral programmes such as those mounted at the UN, but also in its bilateral aid projects. In 1977, for instance, it had devoted no less than £111 million of its bilateral aid to providing assistance in the industrial sector. In addition it had given substantial help through technical co-operation and the provision of experts as well as training facilities in Britain. It therefore was very ready to support the recommendation for the establishment of an Industrial Development Unit as proposed in Bangalore. He understood that if the Unit was accepted and approved by Heads of Government, it would be set up within the Secretariat under the management of the CFTC. That would be a very important element in the programme; it would be a mistake to establish a proliferation of small units for that kind of work as it might then be found that the overheads became bigger than the assistance which was provided; so the overheads should be kept as low as possible. It had been indicated that the sum of £5 million was currently being envisaged for setting up the Industrial Development Unit and he hoped his colleagues would be pleased to know that Britain would, of course, contribute its usual 30 per cent.

Dr. Kaunda assured Lord Carrington that the Secretariat was very anxious to prevent the proliferation of special units so as to ensure that the most effective use would be made of member countries' contributions. Britain's pledge was certainly most welcome. By his calculation it would be about £1.5 million. He asked Lord Carrington to convey to the British people the Meeting's grateful appreciation for their generous contribution.

Mr. Ouko, Kenya, said his Government supported the programme of action for industrial co-operation put forward by the Secretariat. In the debate on the world economic scene, several speakers had emphasised the asymmetry which

characterised economic relations between the developed and developing countries, and it was a point that had also been stressed repeatedly in other international forums. In Kenya's view, the action programme on industrial co-operation within the Commonwealth was a practical expression of the desire on the part of the member countries to correct that asymmetry and to do something positive to assist economic growth in developing countries which was so badly hampered by external factors. Oil price increases, bad weather in some parts of the Commonwealth, low prices for critical export commodities had combined to make conditions very difficult. Moreover in certain developing countries, like his own, consumer imports had dwindled to such an extent that they could no longer form the basis of an industrialisation policy and his Government, along with several others, had been obliged to adopt the tougher option of export protection. That led to the question of access to markets. He felt it would be useless for the Commonwealth to embark on a comprehensive programme for promoting industrial co-operation if the resulting products did not find access to markets on terms that made international trade meaningful to developing countries.

Coupled with that problem was the question of the transfer of real resources where the Commonwealth's performance had been less than satisfactory, particularly on the part of the developed countries. It must be stressed that a substantial injection of the real transfer of resources would be necessary to boost industrial activity as envisaged in the action programme.

He was greatly encouraged by Mr. Mishra's reference to the need for a co-ordinated, integrated approach to industrial development and co-operation. Kenya was trying to adopt that approach to development and proposed to apply it to industrial activities. Certain criteria for promoting industrial activity had been established in Kenya in response to the fact that the majority of the people lived in the rural areas. Concerning the related question of the transfer of technology, it was crucially important that the technology transferred was appropriate for the purposes of motivating industrial activity in developing countries. Capital-intensive, labour-saving devices were quite inadequate and unsuitable for rural societies. For that reason and many others, the Kenyan Government was proposing to assist industrial activities that were resource-based and labour-intensive and which were adaptable to location in a rural setting, and it had provided appropriate incentives in its new development plan.

Kenya believed that the programme of action outlined by the Secretariat on the basis of a very comprehensive study by the Team of Industrial Specialists offered a positive path for taking concrete steps forward in the Commonwealth's collective activities and therefore wholeheartedly supported its adoption. He himself shared the opinion of previous speakers that it could be the one important achievement of the Lusaka Meeting in addition to the political ones.

He also associated himself with the remarks that had already been made about the cost of overheads for the Industrial Development Unit. It was Kenya's sincere hope that when the unit was established in the Secretariat it should not be a consumer unit but a production unit.

Mr. Clark, Canada, stated that Canada regarded the industrial co-operation programme as one of the more imaginative and promising initiatives taken by the Commonwealth. It could make a considerable contribution towards redressing some of the imbalance between the industrial capabilities of the developed and the developing worlds and enable the developing countries of the Commonwealth to strengthen their industrial base. The main thrust of Canadian support in industrial co-operation had been on a bilateral basis. Canada, however, welcomed the Commonwealth initiative and pledged its fullest possible support. The value of this programme lay in its practicability. It offered a means for the Commonwealth's developing countries to gain greater access to the technology, expertise

and other essentials which they required for their industrial development. The success of the programme would depend on its flexibility and capacity for very quick action.

The role of the Secretariat should be a catalytic and not an operational one. Canada attached a great deal of importance to the potential role of the private sector in the endeavour. While the primary responsibility for industrial development in most developing countries obviously rested with governments, the programme could be helped along very substantially with the responsible participation of the private sector. It was gratifying that the Final Report of the Team of Industrial Specialists had recognised that because the process of getting an industrial base required entrepreneurial as well as technological and managerial expertise. In most developed countries such skills resided in the private sector. In that respect small and medium-sized enterprises were especially important in industrial development as they contained a very high entrepreneurial capacity and were often much more innovative. They were more flexible, furthermore, in adapting to particular circumstances.

With regard to the costs of the programme, Canada would like to see financing through the CFTC rather than through special contributions to a separate fund. It would be necessary to set funds aside specifically for that purpose but that could best be done through the CFTC whose Directors should have the freedom and flexibility to use the funds in the most productive way after making a judgment on conflicting priorities. That body was the necessary central funding institution for co-operative capacity in the Commonwealth.

Mr. Clark indicated that his Government planned to increase its contribution to the CFTC from Can.\$7.8 million in the previous year to Can.\$8.8 million in 1979/80 and to Can.\$10 million in 1980/81. At the last Heads of Government Meeting Canada had abandoned its practice of linking the level of Canada's contribution to that of the developing countries themselves. That would be continued although Canada hoped that the developing members of the Commonwealth would also continue to express their support for the CFTC by continuing to make generous contributions to it. An appropriate portion of the increased Canadian contribution should be used to fund the Industrial Development Unit. The programme of work for the Unit should be submitted along with those of the other CFTC units to the Board of Representatives for consideration and approval and allocation of resources.

Canada was somewhat concerned about the size of the proposed staffing for the programme. A small, but well-qualified staff, with extensive business experience, was essential for such a programme so he hoped the Secretary-General would begin with a staff of not more than eight or ten for the first couple of years and then report to the Board of Representatives on future staff needs in relation to programme growth and experience. There should also be a thorough evaluation of the programme after the initial three year period.

With regard to the proposal to establish a Commonwealth Venture Capital Company, Mr. Clark indicated that Canada had reservations on a variety of grounds. There was concern about the viability and suitability of a company of that kind for financing by governments. It was therefore encouraging that the Secretary-General was seeking expert advice in the matter. The Secretary-General should draw particularly on the experience of existing equity funding institutions as well as on the services of an outstanding financial consultant. Canada would be pleased to offer to the Secretariat the services of such a specialist if that would be helpful.

Mr. Jackson, Guyana, said that, having participated in the Bangalore meeting, Guyana had followed with keen interest the work directed towards the implementation of the proposals agreed there. In line with its wish to see their early, speedy and efficient implementation Guyana fully supported the establishment of the

Industrial Development Unit. Mr. Jackson indicated that, while he could not announce a figure before consulting the Minister of Finance, Guyana would continue, based upon the projected increase of its contribution, to contribute to the work of the CFTC as a whole and, he hoped, of the Industrial Development Unit.

As work on the programme proceeded, he hoped there would be corresponding accommodation and adjustments in the policies of countries to whose markets some of those industrial products would go. The creation of the Unit should not be seen as an entity *per se*. It must be perceived as part of a total attitude towards greater co-operation between developed and developing countries on a world-wide scale. The Commonwealth could provide a tremendous example. Such actions could help remove the myth that the development of the developing countries could only take place as a result of the development of the developed countries. It should be recognised that inter-dependence was not a form of relationship which was inherent in imperialism but was one which was formed by new concepts of equity and justice and which involved an integrated approach in which the development of both the developed and the developing countries was seen as part of the process for the whole developing community.

Mr. Fraser, Australia, said that his Government wanted to see the Industrial Development Unit established and as soon as possible, although it should be a unit within the CFTC and not something separate. Australia was prepared to increase its general contribution to the CFTC by about a third and from within that increased funds could be allocated to the Unit.

Dr. Kaunda noted that India, Britain, Canada and Australia had pledged very generous contributions towards the creation of the Unit and that Guyana had offered some useful guidelines for its implementation. He added that each Commonwealth member would be expected to contribute in some way to the programme.

III. COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

Dr. Kaunda then moved to sub-item 4c, the Commonwealth Fund for Technical Co-operation, referring to the Secretary-General's memorandum, *The Case for Growth*, HGM (79) 13 and its Addendum and recalling that it had previously been agreed also to include discussion of the Sri Lanka paper, *Housing, Urbanisation and the Environment*. He said that the CFTC was a very special example of Commonwealth co-operation which emphasised both the rich diversity as well as the common bonds of the Commonwealth. The diversity of levels of development and specialisations provided an immense reservoir of skills upon which the CFTC drew to meet requests for assistance. He noted, however, that the previous year the Fund had, for the first time, registered a deficit and expressed the hope that the Meeting could agree to a course of action which would permit the CFTC to grow. He invited the Prime Minister of Barbados to initiate the discussion.

Mr. Adams, Barbados, said that in speaking on the future of the Commonwealth Fund for Technical Co-operation it was necessary to examine the Fund not only as an instrument for the promotion of technical co-operation among Commonwealth members but also as a specialised agency in the context of multilateral aid agencies. In attempting to examine the future of the CFTC it was necessary to consider past objectives and performances as well.

The CFTC had been established at the 1971 Heads of Government Meeting following the successful operation of a modest programme of technical assistance by the Secretariat since 1967. The Fund had since developed as a vital part of

the Commonwealth structure and had continued to assist development through technical aid, advisory services and training exchanges. The CFTC was a multilateral aid agency which was unlike others in that it operated on the basis that rich as well as poor countries should co-operate to provide the necessary finance, staff and facilities. Each member not only contributed to the CFTC but also participated in its management. It thus differed from the traditional type of aid agency financed solely by the richer countries. That institutional structure had proved conducive not only to assisting development but also to reinforcing Commonwealth links.

In its operations, the CFTC did not compete with, but rather complemented, the activities of other development agencies, often giving things which could not be supplied by them. Technical assistance took the form of training as well as the provision of specialists to advise or to fill posts for which qualified nationals were not available. The work of the Fund had been assisted and strengthened by the Commonwealth's activities in several other areas including law, education, Law of the Sea and the establishment of a new international economic order. The CFTC had demonstrated that, even in times of inflation, it could offer unmatched value for money. The overheads and operating costs were lower than those of other aid agencies: only 10 per cent compared with 30 per cent for others; the average cost per man-month for assistance provided by the Fund being between one-third and one-half that of other agencies. The Fund had repeatedly shown that it had the capacity to offer assistance expeditiously and efficiently and the absence of slow and bureaucratic procedures had enabled it to make quick responses.

The continued ability of the CFTC to respond to the needs of developing Commonwealth countries depended on continued commitments from member countries. It was a mutual fund to which all contributed and from which all derived benefits. In its eight years of operation, the Fund had grown from £400,000 to over £10 million per annum. Real growth in terms of purchasing power, however, had now effectively stopped. The CFTC was at a crossroads. In a paper on the subject, the Secretariat had estimated that the Fund required resources rising to an annual level of £25 million at 1979 prices over the following five years. The Caribbean hoped that that level would be accepted by the Meeting and achieved by members' pledges.

To increase the Fund's level of operations and enable it to be of greater assistance to member countries would require greater inputs in terms both of contributions and expertise. Developing countries currently contributed about 16 per cent of the CFTC funds despite having a per capita income on average of only one-twentieth of that of the developed countries. Contributions from the developed Commonwealth countries to the Fund amounted to no more than 0.6 per cent of their combined gross official development assistance. Just a marginal increase in allocations from those major donors could substantially increase the Fund's resources without the necessity of increasing those donors' total aid flows. As the CFTC drew on the collective expertise and resources of the whole Commonwealth membership, developing member countries therefore had every incentive to increase their subscriptions to the Fund. He himself had recently given instructions for the contribution of Barbados to be increased by 25 per cent to a sum of £10,000 for the next financial year. If the developed countries could also shift their aid allocations towards CFTC so that the proportion of overseas development assistance absorbed by CFTC could grow from 0.6 per cent to 2 per cent, that would be a tremendous advance. In that context the pledges to increase support which were made during the debate on the previous item were most welcome.

Increased resources would be used to support maintenance and expansion of the Fund's programme of assistance as well as its pioneering work in areas

which were in need of greater attention. The CFTC had, from time to time, been innovative in drawing attention to important developmental issues. At times it had set about addressing those issues directly while at other times it had served to focus the attention of the international community on them. Such work included the establishment of a new international economic order, export market development, the promotion of regional co-operation and pioneering the concept of technical co-operation among developing countries. In the future, it was expected that the CFTC would continue to break new ground and foster new initiatives.

Among the issues which would probably require the attention and support of the CFTC were those of exclusive economic zones and the fishing and mineral rights of nations, the development of alternative sources of energy and the special problems of small island developing states. It was to be hoped that the CFTC would be able to continue its programme of practical co-operation among Commonwealth member states and that the manufacturing deficiencies of member countries would be supplemented through the General Technical Assistance Programme. The Education and Training Programme would continue to be used as an instrument for the further training of workers while the Export Market Development Programme would provide know-how for the development of export markets and the fostering of intra-regional trade. He hoped that the expertise of the Technical Assistance Group would also remain available to offer those special consultancy services which would continue to be in demand.

The future of the CFTC depended ultimately on two factors: the needs of the developing countries and the means for supplying those needs. There was no evidence that the need for technical assistance would decline in the future but rather that the forms of technical assistance would change in accordance with the changing patterns of development in Commonwealth countries.

The CFTC could be seen as the functional arm of the Commonwealth. It was a practical expression of the spirit of Commonwealth co-operation. That spirit continued to exist because of the absence of a clear distinction in the CFTC between recipients and donors. Policy objectives were not used as criteria for the granting of aid; neither was the Fund used as an instrument to reinforce the dominance of the few over the many. The CFTC was one of the major unifying influences of the Commonwealth. It served to demonstrate the practical features of co-operation and unity. As the CFTC had proved that it might be of benefit to every Commonwealth member, it deserved their continued support.

Dr. Kaunda referred briefly to his earlier appeal for assistance both to Uganda and to Tanzania which was continuing to shoulder a heavy burden on Uganda's behalf. The Commonwealth, he had suggested, could give an important lead in that regard to the rest of the world. He wished it to be known that in response to that proposal *Dr. Nyerere*, who had not been present at the time, had indicated that any discussion of aid should be confined to Uganda as Uganda needed assistance more urgently than Tanzania.

Mr. Premadasa, Sri Lanka, thanked the Chairman for providing him with the opportunity to put forward a proposal which sought to extend the area of Commonwealth co-operation. The problems of housing, urbanisation and the environment had existed for many years. They were problems to which most serious consideration had been, and continued to be, given in the conduct of a country's domestic affairs. His purpose in bringing forward the matter for discussion was largely to pose the question whether the problems which countries faced in meeting their housing needs and the related ones of urbanisation and the environment could not be taken up as a special area of concern within the framework of the Commonwealth. He wished to make the suggestion against the background of two factors. Firstly, that, as individual countries proceeded on

their development task, a certain re-arrangement of priorities took place and housing for people came sooner or later to occupy a prominent place in their strategies. There was therefore a need, perhaps more pronounced in some developing countries than in others, requiring a response on a collective basis. Secondly, he had been encouraged by the point made in the excellent paper on the CFTC presented by the Secretary-General which spoke of the special qualities of the Fund which equipped it particularly well to meet changing needs. As a corollary, the Fund would be expected to grow if it was to meet the expanding demand for services.

Since independence, the developing countries had been pre-occupied with the task of providing basic human needs. At times their concern for the rapid solution of those problems had led them to neglect the environment which was so fundamental to their total well-being. It had so often been thought that the deterioration and degradation of the environment was a phenomenon peculiar to the industrialised countries. But there had been, and continued to be, in the developing countries, a misuse and indeed a degradation of the physical resources on a scale that was both massive and positively dangerous to long-term development. In pursuit of what was thought to be economic progress, forests had been felled, areas of traditional cultivation shifted, grazing land destroyed, and sea coasts eroded. To add to that dismal picture, there had been uncontrolled urbanisation. People had moved into towns from the rural areas and a massive backlog in housing needs had been created.

Urban poverty and unemployment, the inadequacy of housing infrastructures such as water supply and sewerage, the rapid growth of urban populations resulting in congestion and squalor were problems common to many of the developing countries. The problems varied in scale and intensity from country to country, but there was a growing awareness of the critical nature of the problems they posed and a commitment on the part of governments to adopt effective strategies. There were examples from around the world of cities and countries which had responded satisfactorily to the tasks of urban development and housing over the past decade or so. It appeared that where the response had been vigorous, it had primarily been the result of political leadership and the introduction of new legal, administrative and institutional reforms.

Sri Lanka believed that it had reached the stage when the provision of housing with basic minimum facilities to all its people could no longer be denied. It was his personal thought, having worked in the area of housing for some years, that nothing yielded a greater human satisfaction, and that no aspect of social work produced a more satisfying reward than that which entitled a man to have a house of his own. It satisfied a fundamental human craving. That need could be orchestrated so that it acted as a motivating force for people to better themselves and the community by self-help. In his view, it could become a catalytic agent in economic and social development.

He wished to give an idea of the forces that a housing programme could generate by telling the Meeting about the village reawakening movement which had begun in Sri Lanka. That movement was an attempt to bring in new life to those villages which had missed, for various reasons, the benefits of progress. In selecting villages for re-building purposes, those which were in the worst possible condition were selected, the lowliest and the humblest first. An attempt was then made to provide all the basic facilities to a family—a home, electricity and clean water. The houses were built on a self-help and voluntary basis. In addition, a school, health centre, and requirements for worship were provided, and most important of all, an attempt was made to give employment to the families nearby. The enthusiasm generated by such collective house building infected the village leadership, the leaders were inspired to greater social effort.

In the urban sector, the Government was planning to re-build the shanty towns that had grown up around the chief cities. It was not, however, intended

to obliterate the shanty towns, move their occupants elsewhere, and build high-rise flats as that was not considered to be a final solution to the problem. It was intended, rather, to rebuild the areas where the shanties existed and to provide the same people with the kind of facilities with which a decent life could be lived. Along with such schemes, investments were being made on several housing projects based on the principle of self-help, the exchange of labour, loan schemes for inputs, the construction of housing estates and so on. All of that activity was designed to meet, as rapidly as possible, the massive backlog of housing needs built up over the years.

However, against those needs and expectations, his Government faced tremendous constraints. They were the familiar ones of the shortage of both technical expertise—civil and water works engineers, architects, town planners, etc.—and materials. The periodic shortages of materials for building—cement, timber, steel in particular—were accentuated as the building boom progressed. At times the constraint was not money but supply of materials. On the credit side, however, it could be said that Sri Lanka had developed some knowledge of housing management. It had experimented with legislative reforms and had tried out several financial options for activating the private sector in house building.

Perhaps many other developing countries which had built up such experience were at a similar stage. He wondered, therefore, whether the time had not come for a dialogue at the level of the Commonwealth on the possibilities and potential for co-operation in dealing with the problems of housing, urbanisation, and the environment. There already existed a large base of varying experiences in different countries, and within the framework of mutual co-operation the possibilities of the sharing of experience both amongst developing countries and between the developed and developing countries in the Commonwealth, might usefully be examined.

He had brought the matter up in the discussion on the CFTC at a time when the future of the Fund was being discussed. There was absolutely no doubt that the CFTC had performed a most valuable service. Sri Lanka was particularly grateful for the recent "Buyer-Seller" meeting organised in New York, which had been an outstanding success as far as bringing in new export orders was concerned. In its other programmes, too, the Fund had an impressive record. Sri Lanka therefore supported very strongly the request made by the Secretary-General for increased funding and for its part had no hesitation in increasing its contribution to it.

Given the particular stage of the Fund's history, and keeping in mind its progressive role as a pioneer in co-operative international development, he wondered whether, in its future work programme, some attention could be given to the problems of housing and related matters. It was undoubtedly a large area and involved more than the supply of technical experts alone. An identification of the magnitude of the problem alone would be a considerable exercise. Thereafter, the possibilities for co-operation might be examined with particular emphasis being paid to such matters as the use of indigenous resources, the utilisation of local materials for building research and development, and estimates of the required external support for the men and materials for such a programme. He suggested, therefore that the Commonwealth, on the threshold of the decade of the eighties, might begin some collective work on the theme of "Man and his Home."

Mr. Doha, Bangladesh, observed that Bangladesh was not only closely associated with the CFTC but was also emotionally involved with it. After his country's liberation war in 1971 when it had been seeking international recognition, the first organisation to recognise it had been the Commonwealth. The CFTC had promptly come to Bangladesh's assistance over port development.

As all were aware, the Fund operated in three sectors—the General Technical Assistance Programme, the Education and Training Programme and the Export Market Development Programme. Bangladesh had benefited immensely from them. In a country where the major problem was one of obtaining a second meal and not a family car, small projects and regional co-operation of the type encouraged by the CFTC were the essential development units in rural life, which constituted 94 per cent of the population of Bangladesh.

In considering increased contributions to the Fund the Meeting might, he felt, be overlooking the fact that major industrial projects, involving hundreds of millions of pounds, were often put to the test through feasibility reports and through hard negotiations and bore no comparison with the humanitarian aspect of the projects undertaken by the CFTC. He therefore appealed to member countries, particularly Britain, Canada and Australia, to increase their contributions to CFTC as well as contributing to the Industrial Development Unit.

He then drew attention to the Addendum to the Commonwealth Secretariat paper and quoted as follows:

“The plan of expenditure for 1979/80 of £13.5 million was based on the assumption that there would be a carry-forward from 1978/79 of £0.3 million. Instead a deficit of £0.67 million has been carried forward. This means that even if pledges are increased by about 30 per cent the plan of expenditure for 1979/80 will have to be scaled down to £12.5 million. . . . If, therefore, pledges (and payments) averaging 30 per cent higher than the 1978/79 pledges are not received, the Fund, for the first time since its establishment, will actually decline in size.”

He hoped that that would not be allowed to happen and for its part, Bangladesh would be increasing its contribution by 30 per cent over that of the previous year.

Dr. Kaunda in thanking Mr. Doha reminded the Meeting that he was Chairman of the Board of Representatives of CFTC.

Mr. Molapo, Lesotho, said that his Government recognised the importance of the CFTC which had proved to be an instrument for translating into reality the spirit of co-operation that bound the Commonwealth, particularly in the field of technical co-operation. As an organ created by the Commonwealth, the CFTC deserved its attention, especially at a time when its growth in terms of real purchasing power presented a gloomy picture. Lesotho was therefore very keen to see the CFTC's resources increased to enable it to continue its operations effectively and successfully. He announced that his Government proposed increasing its contribution to the CFTC thus demonstrating its confidence in the Fund.

Tengku Ahmad Rithauddeen, Malaysia, agreed that there was no doubt that the CFTC was the Commonwealth's main instrument for collective effort in promoting development within its member countries. The Prime Minister of Barbados had given an indication of the benefits that could accrue to member countries and all had seen from the film on CFTC the kinds of assistance available. There was no doubt that the Commonwealth should give every support to its work and activities. Previous Meetings had expressed confidence in the Fund's ability to meet development needs and strengthen the links of member countries. The paper prepared by the Secretary-General had indicated that the state of the Fund was such that, if not corrected, the CFTC's capacity to respond to the needs of member countries would be seriously impaired. In his view, that was unacceptable since it was in direct antithesis to the spirit in which the Fund had been established in 1971. Moreover, the need for assistance by the developing countries to improve the living standard and the quality of life of their people was now especially acute in the face of more complex world economic problems. He had been gratified by the announcement of increased pledges from previous

speakers and indicated that his Government would be increasing its pledge by 50 per cent for the fiscal years 1980/81 and 1981/82. In monetary terms, that amounted to £50,000 per annum.

Lord Carrington, Britain, agreed with what previous speakers had said about the value of the Fund. As regards Britain's pledge, he announced that it was prepared to contribute £3.75 million, which was 30 per cent of £12.5 million. That, he understood, was a realistic target for expenditure in 1979/80 and in real terms was somewhat higher than expenditure in 1978/79. Even if the Fund's expenditure did not reach £12.5 million, Britain would still contribute its £3.75 million as evidence of her concern for the Fund's success.

Mr. Rene, Seychelles, said that although he did not know whether he was going to speak on behalf of all the smallest islands, he felt that Mr. Adams had said all there was to say about the CFTC. All knew that the CFTC was the most cost-effective of the multilateral aid agencies. It had proved there could be programmes for co-operative development without the establishment of vast, unwieldy and expensive bureaucracies. To small countries, the CFTC was definitely the most cherished of all agencies. If assistance was required urgently it could sometimes be obtained by making a telephone call. On the other hand, the developed countries of the Commonwealth could see the result of their contributions through the work of the CFTC. He announced that, although the Seychelles contribution to CFTC was small, it would be doubled for the year 1979/80.

Mr. Somare, Papua New Guinea, said he wished to take the opportunity to express Papua New Guinea's appreciation of the work that CFTC was doing and to strongly support the proposal that its resources be increased and put on a more secure basis. Without wishing to criticise the efforts of other institutions providing technical assistance, he said that his Government had found, for several years, that CFTC was unique in its capacity to respond quickly and flexibly to its needs. He wished to make particular mention of the Technical Assistance Group, but the same applied to all aspects of CFTC's operations. It seemed almost miraculous that international bureaucracy was able to keep itself alert and keep to a minimum the amount of red tape. He therefore sincerely hoped that the resources of the Fund would be increased substantially and that they would be placed on a somewhat longer-term footing. That would enable the Fund's managers to plan ahead on firm foundations and in the knowledge that its operations would not be curtailed by factors such as continuing world inflation.

He realised that the present was not an ideal time for any suggestion that involved the expenditure of even a small amount of extra money. Many Governments were tending to cut back rather than expand. However, he hoped that more donor countries that were feeling the pinch could rearrange their commitments in such a way as to provide some additional support for the Fund. The CFTC was a concrete example of what the Commonwealth could achieve. By international standards it did not absorb much in the way of resources and it had proved that it could give excellent value for money. He considered, therefore, that it would be a shame if the Fund was not permitted to continue expanding its valuable contribution to international development. By making its own contribution to the Fund, Papua New Guinea was able to express its appreciation to the larger donors, and he announced that his Government would therefore be increasing its contribution by 30 per cent, thus bringing its pledge for 1979/80 to £50,000.

Dr. Conteh, Sierra Leone, noted that at the Opening Session it had been said that there were several issues dividing the Commonwealth. From the contributions made by earlier speakers the CFTC was certainly not one of those issues. The

Secretariat was to be congratulated on its background paper. It had been subtitled *The Case for Growth* and initially it had not been clear to him whether it was the case for the prosecution or for the defence but what was clear was that all present supported the case for growth.

Compared with other multilateral agencies, the CFTC was relatively young, but it had its place and was playing an important role in the Commonwealth's co-operative endeavour; it could be described as "the Commonwealth in action".

One of the concerns of the CFTC was regional co-operation among developing countries and in that connection it had provided valuable assistance to Sierra Leone to enable it to develop closer co-operation with Liberia, a non-Commonwealth country.

The Secretariat's paper suggested that the developed countries should put a greater proportion of their gross ODA into the Fund. In his view that was a most welcome suggestion, if only because it would accentuate multilateralism and short-circuit bilateralism with all its attendant dangers. Turning to the Addendum to the paper he noted that Sierra Leone was in arrears in its pledge to CFTC for the previous financial year. On behalf of his President, he wished to point out that it was not due to a lack of confidence in the activities or usefulness of the Fund, but rather to the difficult financial straits Sierra Leone was passing through. However, with co-operation and assistance from the IMF, Sierra Leone was putting its house in order. His Government would be contacting the Secretariat with regard to a pledge for 1978/79 and an increased contribution of approximately 20 per cent for 1979/80.

Mr. Vaovasamania, Western Samoa, associated himself with previous speakers in conveying to the CFTC the deep appreciation of Western Samoa for the assistance received from it. In the preparation of its estimates for the next year, his Government had planned to increase its contribution to the CFTC by approximately 10 per cent. However, in view of the paper presented by the Secretariat showing the deficits, his Government had decided to increase its pledge by 20 per cent for the coming year. That decision was not only in recognition of the increased assistance in monetary terms which Western Samoa had had from the CFTC but also an expression of gratitude to the wealthy members of the Commonwealth which had contributed to the Fund and made such increased assistance possible.

The Secretary-General said that in putting the issue of the CFTC on the agenda and inviting Prime Minister Adams to introduce it, he had had very much in mind the need not only to provide an occasion for pledges—which was always of great importance—but also for something deeper than that. It had become clear to all that the Commonwealth was really a good deal more than a conference of Heads of Government, and certainly much more than conferences of ministers and officials. The life-blood of the Commonwealth was in the things it could do to help people, to make Commonwealth skills available for meeting Commonwealth needs, which were very considerable. He reminded the Meeting of the Fund's cost-effectiveness—it was able to put an expert into the field for one-third of the cost of an expert from UNDP or the World Bank. Thus, money contributed to CFTC went three times further for development than money contributed to any other multilateral programme. The administrative overheads of CFTC were approximately 12 per cent and it was hoped that that figure would decrease to about 10 per cent. That compared with a figure of 30–40 per cent for the administrative costs of the UN agencies.

The point he wished to convey to Commonwealth leaders was that the CFTC gave good value for money, not only in terms of the strength and reality for the Commonwealth connection but also in terms of people. The Fund was a mutual operation—some 15 per cent of the funds in any year came from developing

countries themselves, and as many as 45 per cent of the Fund's experts came from the developing countries. Both India and Sri Lanka contributed largely to the Fund's human resources in terms of the skills assigned by the Fund throughout the Commonwealth. He recognised that it was a difficult time for major donor countries and not a time when he could simply say that more funds were required for the CFTC. The case he had put forward related to the need to strengthen the Commonwealth by major donor countries allocating to the Fund a higher percentage of their official development assistance of which, at the present time, only 0.6 per cent was contributed to the CFTC. If that was to be increased to as little as 1 per cent the resources of the Fund would be doubled over a period of 3 years. A doubling of the resources of the Fund meant, in real terms, a doubling, trebling, or quadrupling of the strength of the Commonwealth connection. He hoped, therefore, that the discussion on the CFTC, quite apart from its importance in terms of pledges, might help to lead to a level of awareness of the unique and tremendous value of the Fund and to point the way to the possibilities that lay ahead.

Dr. Kaunda announced that his Minister of Finance had agreed to increase Zambia's contribution to the CFTC by 30 per cent—from £29,413 to £38,236.

IV. COMMUNIQUE

Mr. Clark, Canada, recalled that a proposal had been put forward by the Prime Minister of Australia and supported by many members around the table concerning the establishment of an expert group to enquire into the constraints to structural change and growth. A small committee had consequently been set up to draft a specific proposal. The Committee had comprised India, Jamaica, Kenya, Nigeria, Malaysia, Singapore, Tanzania, Zambia, Australia, Britain and Canada. In order to assist the communiqué drafters he suggested that, since the proposal had already been considered and agreed to in principle by the Meeting, Heads of Government might wish to look at the wording of the draft proposal which had been circulated. If approval was given that would enable it to be incorporated directly into the Communiqué.

The Meeting agreed with the proposed wording of the paragraphs.

The Secretary-General said that that would assist in the drafting of the Communiqué. With a view to concluding the proceedings by Tuesday, he said that he had asked the Committee of the Whole to split itself into two committees—one to deal with the general political paragraphs and the other to deal with the economic paragraphs, apart from those just agreed. He advised that the economic committee would, with the permission of Heads of Government, begin its meeting that evening at 7.30 p.m. in the Executive Session room.

The meeting adjourned at 5.50 p.m.