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STUDY OF THE PROBLEMS OF RAW MATERIALS AND DEVELOPMENT

Letter dated 9 April 1974 from the Permanent Representative of  
Iran to the United Nations addressed to the Secretary-General

I have the honour to enclose herewith an explanatory note concerning the Iranian proposal referred to in resolution 146 (XXX) of 5 April 1974 which was adopted by the Economic Commission for Asia and the Far East at its thirtieth session.

I would be grateful if this explanatory note were distributed as an official document of the sixth special session of the General Assembly.

(Signed) Fereydoun HOVEYDA  
Permanent Representative of Iran  
to the United Nations

ANNEX

Outline of the Iranian proposal for the establishment  
of a new development fund

1. Document A/9546, which is being circulated in the General Assembly, contains a resolution a/ adopted at the thirtieth session of the Economic Commission for Asia and the Far East, held in Colombo, Sri Lanka, from 27 March to 8 April 1974. The ECAFE proposal refers to the financing of urgent balance of payments needs and long-term developmental requirements of the developing countries and recognizes that an immediate remedy would be the provision of adequate financial assistance on concessionary terms at low interest rates and with a long-term repayment period to developing countries whose balance of payments and import capacity have been most seriously affected by a series of adverse developments.
2. The above-mentioned resolution draws the attention of the special session of the General Assembly to "the initiative of His Imperial Majesty the Shahanshah and to the other initiatives and invites it to consider means of giving early effect to the basic objectives envisaged".
3. The Iranian delegation avails itself of this opportunity to provide the Assembly with the outline of the plan as follows.
4. On 22 February 1974, at the initiative of His Imperial Majesty the Shahanshah of Iran, the Iranian Government announced a series of wide-ranging measures aimed at increasing world liquidity and providing additional resources for the development of less advanced countries. To this end, Iran pledged no less than \$1,000 million.
5. At the core of these proposed measures is the establishment of a new Special Development Fund with an initial capital of \$2,000 million to \$3,000 million to be financed jointly by the oil-exporting as well as industrialized countries. The main purpose of this Fund is to assist the financing of economic development in the developing countries through the provision of soft loans at very low interest rates for durations of 25 to 30 years. To ensure its objectivity, fair-dealing and impartiality, the Fund is to be administered by a governing board in which the oil-exporting, the industrialized and the aid-receiving countries (the latter group without financial contribution) are equally represented on a "one man, one vote" basis. The membership of the new Fund will be open to all: West, East, developed and developing. The Fund is to render assistance to less developed nations on the basis of need and not political affiliation.
6. The new institution will make concessionary loans to developing countries in financial difficulties, both for development projects and for balance of payments

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a/ Resolution 146 (XXX) of 5 April 1974.

support. It will have a board of governors, composed of representatives of borrowing as well as lending countries. The Board of Governors is to have equal representation by the developing countries, members of the Organization of Petroleum Exporting Countries (OPEC) and developed nations. The responsibility of the Board of Governors is to determine basic guidelines and general policy directions. An executive board, to be elected by the Board of Governors on the basis of professional competence, will be responsible for day-to-day operations. The technical and administrative support requirements of the new Fund could be met by the management and staffs of appropriate international agencies.

7. The principal purpose of the new Fund will be to extend long-term credit on concessionary terms for project financing. For the immediate future, however, due to severe balance of payments difficulties faced by some developing countries, special assistance can also be offered for this purpose on concessionary terms. To work out the details of Iran's proposal an ad hoc committee could be established to study, examine and co-ordinate this and similar proposals with a view to reaching final consensus.

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