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**Chairman: Mr. Mohammad MIR KHAN (Pakistan).**

**AGENDA ITEM 27**

**Economic development of under-developed countries (A/3154, A/3192) (continued):**

**(a) Question of the establishment of a Special United Nations Fund for Economic Development: report of the *Ad Hoc* Committee (A/3134 and Corr.1 and 2, A/C.2/L.315) (continued)**

1. The CHAIRMAN drew the attention of the Committee to the new joint draft resolution (A/C.2/L.315) which replaced the two draft resolutions submitted earlier (A/C.2/L.296, A/C.2/L.300).
2. Mr. PSCOLKA (Czechoslovakia) said that, as the interim report of the *Ad Hoc* Committee (A/3134 and Corr.1 and 2) showed, the idea of channelling international assistance through the United Nations for the purpose of accelerating the economic development of under-developed countries was receiving ever increasing support. The problem was the more urgent in that the existing forms of financing, and in particular the international flow of private capital, were manifestly insufficient to meet the immense needs of the under-developed countries.
3. For several years the United Nations had been endeavouring to create new forms of international financing which would supplement the limited domestic resources of the under-developed countries. Some progress had been made in the sense that the possibility of establishing a special fund exclusively concerned with economic development was now being discussed by the United Nations in comparatively concrete terms. It was his delegation's view that it should be left to the under-developed countries themselves to choose the type of assistance they considered best, and it appeared that the great majority of such countries were in favour of multilateral assistance. The Committee's task was therefore to find the most efficient means of furnishing such assistance.
4. The establishment of a Special United Nations Fund for Economic Development (SUNFED) was one of the best possible solutions. If certain conditions were fulfilled, SUNFED could help substantially to promote the development of industry and agriculture, the key

branches of economy. His delegation agreed that SUNFED should be partly financed from the resources released by disarmament. However, its establishment should not be postponed until an agreement was reached on disarmament. There was in fact no valid reason for further postponement.

5. So far as the general principles governing the organization and functions of SUNFED were concerned, his delegation believed that assistance should be given in the form of long-term, low-interest loans which the under-developed countries would pay back from their current exports. The rules regarding repayment should not be too rigid; for instance, a country experiencing special economic difficulties should be given a longer period to repay its loan.

6. Contributions should be voluntary and countries should be allowed to make them in goods and services and in national currencies. Similarly, beneficiary countries should be allowed to repay loans in goods and services. It was obvious that such arrangements would have the further advantage of promoting international trade, which would inevitably benefit the economies of the under-developed countries.

7. The Special United Nations Fund for Economic Development must necessarily be an independent body. It would be unlike the existing international financial agencies, such as the International Bank for Reconstruction and Development, which were guided by the profit-earning capacity of the projects they financed, and it should therefore not be linked with them.

8. The executive board of SUNFED should be composed of an equal number of representatives of contributing and beneficiary countries, with equal voting rights irrespective of the amount of their contributions. The principle of geographical distribution should also apply to the membership of the executive board.

9. In view of the provisional nature of the interim report of the *Ad Hoc* Committee, nothing new had been contributed by the discussions of the question at the twenty-second session of the Economic and Social Council. Nevertheless, proposals had been made in the Council to broaden and change the Committee's terms of reference to enable it to prepare concrete recommendations concerning the establishment of SUNFED. Economic and Social Council resolution 619 (XXII) expressed the hope that the General Assembly would consider what further steps might help to promote the early establishment of SUNFED. His delegation accordingly warmly welcomed, and would vote for, the new joint draft resolution under which the *Ad Hoc* Committee would be requested to prepare a draft statute for SUNFED.

10. Mr. ITO (Japan) said that the need for SUNFED was evident, and expressed the hope that it would be established as soon as possible.

11. His delegation had studied the joint draft resolution with interest, but was inclined to doubt that its

adoption at the current session would contribute to the early establishment and functioning of SUNFED. There were substantial differences of opinion among the major potential contributing countries and the discussion had shown the extent to which views were divided. The United States delegation, for example, had said that if the two draft resolutions submitted earlier were adopted it would be unable to participate in the drafting of the statute. It was unlikely that statutes which did not receive the support of the major contributors would come into force. Their adoption in such circumstances would only jeopardize the eventual establishment of SUNFED.

12. His delegation therefore believed that it would be better not to proceed with the drafting of the statute until the contributing countries had found a basis of agreement, and regretted that it would be obliged to abstain when the joint draft resolution was put to the vote. That did not imply that the Japanese Government was not in favour of the early establishment of SUNFED.

13. His delegation welcomed the suggestion by several delegations that the *Ad Hoc* Committee's terms of reference should be revised to enable it to study in more concrete terms the projects to be financed by SUNFED and the expenditure that would be entailed. Such a study would make it possible to estimate the initial capital required. It was natural that contributing countries should be reluctant to commit themselves without knowing what expenditure would be required. The proposed study would enable contributing countries to consider the matter in more concrete terms.

14. His Government had already drawn attention to the necessity of concentrating the efforts of SUNFED in the initial stages on certain projects, such as the development of hydroelectric power; his delegation hoped that that possibility would also be studied by the *Ad Hoc* Committee. The two studies proposed would enable the Committee to make a more effective contribution to the establishment of SUNFED.

The meeting rose at 11.15 a.m.