

the importance of the above-mentioned problem and to the necessity of paying due attention to this problem in their programmes of activities.

*1445th plenary meeting,
5 August 1966.*

1183 (XLI). Flow of external resources to developing countries

The Economic and Social Council,

Recalling General Assembly resolutions 1522 (XV) of 15 December 1960 and 1711 (XVI) of 19 December 1961 and the relevant recommendations contained in annex A.IV of the Final Act of the United Nations Conference on Trade and Development,²⁸ which, *inter alia*, defined the objectives to be reached both as to the volume and as to the terms and conditions of the flow of long-term capital and official donations to developing countries,

Recalling its resolutions 1088 (XXXIX) of 30 July 1965 and 1089 (XXXIX) of 31 July 1965 as well as General Assembly resolution 2088 (XX) of 20 December 1965, in which concern was expressed at the limited results obtained towards the achievement of those objectives and in which the international community was urged to take immediate action with a view to attaining them.

Having considered the Secretary-General's annual report entitled *International Flow of Long-Term Capital and Official Donations, 1961-1965*²⁹ and the *World Economic Survey 1965, Part I*, on the financing of economic development,³⁰

Recognizing the need for the developing countries to continue to improve their own efforts to accelerate their economic and social progress,

Bearing in mind the statement of the Secretary-General to the Council³¹ that "in the first half of the United Nations Development Decade, despite disappointments and failures, the developing countries did succeed over a broad front in increasing their own contribution to their development" and that "there is good reason to believe that the developing countries will succeed in improving still further the mobilization of their internal resources for development during the second half of the Decade",

Noting with deep concern the fact that, with a few exceptions, the transfer of external resources to the developing countries has not only failed to reach the minimum target of 1 per cent net of the individual national income of the developed countries but that the trend since 1961 has been one of continuous decline,²⁹

Noting the fact that the International Bank for Reconstruction and Development has estimated, in its annual

report for 1964-1965,³² that over the next five years the developing countries could effectively use between \$3,000 million and \$4,000 million a year more external capital than has in fact been provided in the recent past,

Considering that external resources concentrated over a limited period of time can, in some cases, make a substantial contribution to the rapid economic development of developing countries,

Emphasizing that increased external resources should be provided, to the greatest extent possible, on a continuing and long-term basis for effective implementation of development plans and programmes and should be aimed exclusively at promoting the economic and social progress of developing countries,

Believing that both multilateral and bilateral assistance should be increased and extended to the fullest possible extent to the largest number of developing countries,

Noting that, apart from external resources, international trade could play an important role in promoting the development of developing countries,

Deeply concerned at the rapid increase in the debt-servicing burden of developing countries which in 1965 absorbed more than half of the total net loans and grants received by them and which, according to the President of the International Bank for Reconstruction and Development, on present form, would offset the inflow completely in a little more than fifteen years,

Recognizing that to prevent debt accumulation, and consequently its servicing, from becoming a disruptive force is the common concern and is in the interest of both the lenders and the borrowers,

Welcoming the recommendation on financial terms and conditions adopted by the Organization for Economic Co-operation and Development on 22-23 July 1965,³³

Noting with concern that while some countries have recently eased the terms of their aid, some other countries are providing aid on more stringent conditions,

Noting further with concern that in some cases tied aid has had, as practical consequences, the adoption of projects, sometimes unrelated to, or with a much lower priority in, national development plans, and the tying of aid to the procurement of goods from the home markets of developed countries which has often resulted in an inefficient use of resources in recipient countries and in the supply of goods and services at higher than world competitive prices,

Considering that in many cases the tying of loans, by countries supplying the capital, has not been accompanied by the tying of repayments, in full or in part, to purchases from the recipient countries,

²⁸ *Proceedings of the United Nations Conference on Trade and Development*, vol. I. *Final Act and Report* (United Nations publication, Sales No. : 64.II.B.11).

²⁹ United Nations publication, Sales No. : 66.II.D.3.

³⁰ United Nations publication, Sales No. : 66.II.C.1.

³¹ *Official Records of the Economic and Social Council, Forty-first Session, 1421st meeting.*

³² International Bank for Reconstruction and Development ; International Development Association, *Annual Report, 1964-1965* (Washington, D.C.) and supplementary information for the period from 1 July to 31 December 1965, transmitted to members of the Economic and Social Council by notes of the Secretary-General (E/4129 and E/4129/Add.1-E/4130/Add.1).

³³ Reproduced in *Official Records of the Economic and Social Council, Forty-first Session, Annexes, agenda item 8, document E/4224/Add.1.*

Recognizing that external resources are an important factor in contributing to the economic and social development of the developing countries,

Noting that the Secretary-General pointed out in his statement to the Council³¹ that "in an impressive number of instances the main limitations are not domestic but insufficiency of external resources",

1. *Urges* the developing countries to make all possible efforts to increase the mobilization of their domestic resources to the fullest extent possible;

2. *Recommends* that the developed countries which have not already done so, take urgent appropriate action to meet the objectives set out in the resolutions of the General Assembly and of the Economic and Social Council as well as in the recommendations of the United Nations Conference on Trade and Development on the financing of economic development referred to above;

3. *Urges* the developed countries, in particular:

(a) To reach and, if possible, to surpass by the end of the United Nations Development Decade, the objective of supplying to developing countries external resources equivalent to 1 per cent of their individual national income, having regard, however, to the special position of some countries which are net importers of capital;

(b) To make external resources available to developing countries on easier terms and conditions:

(i) By providing, to the greatest extent possible, an increased flow of aid on a long-term and continuing basis, and by simplifying the procedure for the granting and the effective and expeditious disbursement of aid;

(ii) By providing, not later than by 1968, at least 80 per cent of their assistance in the form of grants and loans at interest rates of 3 per cent or less with a repayment period of twenty-five years or more with the exception of those countries which are already providing 70 per cent or more of their total official assistance in the form of grants or grant-like contributions;

(iii) By increasing the proportion of non-project assistance and particularly of assistance for development plans or programmes or for projects related to them, taking into account the need for the maintenance and expansion of existing capacity in recipient countries;

(iv) By making all possible efforts to move progressively towards the untying of loans with respect to the source of supply, taking into account the essential need for increasing the over-all volume of aid;

(v) Where loans are tied to the supply of goods and services, by making such goods and services available at competitive world prices;

(vi) Where loans are tied essentially to particular sources, by making, to the greatest extent feasible, part of the loans available for utilization by the recipient countries for the purchase of goods and services from other developing countries or from countries belonging to the same zone as the creditor country;

(vii) Taking into account the debt-servicing burden of the developing countries, by endeavouring to provide additional foreign exchange resources to them through appropriate means and, in particular, through international commercial operations, and by accepting, where such arrangements exist or are practicable, without prejudice to annex A.IV.4 of the Final Act of the United Nations Conference on Trade and Development,³⁴ repayment of loans and particularly of loans tied to the supply of goods and services, in the form of mutually determined industrial goods, agricultural surplus products and services supplied by recipient countries in addition to their normal exports;

(viii) By ensuring, as far as possible, that an increasing part of the repayments of loans shall be reinvested in the debtor countries in addition to current flows of external resources;

(c) To review the problem of debt service in developing countries, wherever necessary, in accordance with the recommendations contained in annex A.IV.5 of the Final Act of the United Nations Conference on Trade and Development;³⁴

4. *Expresses* the hope that the targets set for contributions to the United Nations Development Programme and the World Food Programme will be reached as early as possible and that contributions to the International Development Association will be further increased;

5. *Requests* the Secretary-General:

(a) To study the feasibility of setting up, within the United Nations Organization for Industrial Development or any other appropriate United Nations body, an advisory service which could provide information to the developing countries on the sources of supply, the cost and the quality of equipment needed for their development;

(b) To undertake, in consultation with the United Nations Conference on Trade and Development, the International Monetary Fund, IBRD and such other organizations as he considers necessary, a study on:

(i) Economic factors affecting the ability of developed countries to transfer maximum financial resources to the developing countries in accordance with the relevant recommendations contained in the Final Act of UNCTAD,³⁴ particularly its annex A.IV.2, taking into account the increase in the national income of the developed countries;

(ii) The progress made by individual developed countries in the implementation of operative paragraph 3 (b) (ii) above;

(c) To report to the Economic and Social Council at its forty-third session on the implementation of the present resolution, with particular emphasis on the objectives relating to the volume and the terms and conditions of the flow of external resources to developing countries;

6. *Expresses* the wish that the United Nations Conference on Trade and Development continue to give spe-

³⁴ See note 28.

cial attention, within the field of its competence, to the problems of financing economic development in developing countries.

*1445th plenary meeting,
5 August 1966.*

1184 (XLI). Measurement of the flow of assistance and long-term capital

The Economic and Social Council,

Recalling General Assembly resolution 1938 (XVIII) of 11 December 1963 and Council resolution 1088 B (XXXIX) of 30 July 1965 relating, *inter alia*, to the measurement of the flow of assistance and long-term capital,

Having considered the interim report of the group of experts designated by the Secretary-General to study this matter further,³⁵

Requests the Secretary-General :

(a) To include in his annual report on the *International Flow of Long-term Capital and Official Donations*, to the extent that available data make it possible, an analysis and an evaluation of the reverse flow of capital and invisibles, as well as of interest and dividend repayments, from developing to developed countries, so as to determine the net external resources available to the developing countries ;

(b) To convene the group of experts referred to in General Assembly resolution 1938 (XVIII), taking into account the necessity of ensuring adequate geographical representation, and to invite the group to submit a final report in time for the forty-third session of the Council.

*1445th plenary meeting,
5 August 1966.*

³⁵ *Official Records of the Economic and Social Council, Forty-first Session, Annexes, agenda item 8, document E/4171.*

SOCIAL QUESTIONS

1122 (XLI). Annual report of the United Nations High Commissioner for Refugees

The Economic and Social Council,

Having considered the report of the United Nations High Commissioner for Refugees and the report of the Executive Committee of the High Commissioner's Programme on its fifteenth session,³⁶

Takes note with appreciation of the report prepared by the High Commissioner for transmission to the General Assembly at its twenty-first session.

*1438th plenary meeting,
26 July 1966.*

1139 (XLI). Reappraisal of the role of the Social Commission

The Economic and Social Council,

Recalling its resolutions 10 (II) of 21 June 1946 and 830 J (XXXII) of 2 August 1961 laying down the functions of the Social Commission,

Having considered the report of the Social Commission on its seventeenth session³⁷ dealing, *inter alia*, with the question of reappraisal of the role of the Social Commission in accordance with Council resolution 1086 I (XXXIX) of 30 July 1965.

Noting General Assembly resolution 1916 (XVIII) of 5 December 1963, in which, *inter alia*, the Assembly requested the Council to review its resolution 496 (XVI) of 31 July 1953 in the light of the *1963 Report on the*

³⁶ *Official Records of the General Assembly, Twenty-first Session, Supplement No. 11 (A/6311) and appendix.*

³⁷ *Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 10 (E/4206).*

World Social Situation,³⁸ and of the objectives of the United Nations Development Decade,

Recalling General Assembly resolution 2035 (XX) of 7 December 1965, in which the Assembly requested the Council and the Social Commission, when considering the role which the United Nations should play in the social field, to bear in mind a number of general principles,

Convinced that the supreme goal of United Nations action in the social field is to assist in preparing a better future for man, in improving his well-being and in guaranteeing respect for his dignity,

Noting that, despite past efforts, the world social situation is far from satisfactory and therefore requires increased resources, improved methods and techniques of social action and a greater concentration of efforts on priority targets,

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1. *Considers* that the social programme of the United Nations and the Social Commission should be undertaken with particular attention to the following considerations :

(a) The desirability of creating conditions of stability and well-being, necessary for peaceful and friendly relations among nations, based on respect for the principles of equal rights and self-determination of peoples ; and of fulfilling the responsibilities of the Council set forth in Articles 55 and 58 of the Charter of the United Nations ;

(b) The necessity of directing the main efforts of the United Nations in the social field towards supporting and strengthening independent social and economic development in the developing countries, with full respect for the permanent sovereignty of those countries over their

³⁸ United Nations publication, Sales No. : 63.IV.4.