UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

Thirty-third Session

OFFICIAL RECORDS

1201st meeting

Thursday, 12 April 1962, at 3.15 p.m.

NEW YORK

CONTENTS

President: Mr. Jerzy MICHALOWSKI (Poland).

Present:

Representatives of the following States: Australia, Brazil, Colombia, Denmark, El Salvador, Ethiopia, France, India, Italy, Japan, Jordan, Poland, Senegal, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Yugoslavia.

Observers for the following Member States: Bulgaria, Ghana, Greece, Indonesia, Israel, Netherlands, New Zealand, Peru, Philippines, Spain, Thailand, Ukrainian Soviet Socialist Republic.

Representatives of the following specialized agencies: International Labour Organisation; United Nations Educational, Scientific and Cultural Organization; World Health Organization.

AGENDA ITEM 20

Assistance to the committee established by resolution 52 (IV) of the Economic Commission for Africa (E/3595 and Add.1, E/L.943)

1. Mr. WODAJO (Ethiopia), introducing the draft resolution sponsored by his delegation and the delegation of Senegal (E/L.943), stated that the establishment of an African development bank had been a matter of concern to the African leaders ever since their first exchanges of views on the economic and social problems of the continent. The idea had been considered by the Conference of Independent African States at its meeting at Accra in 1958 and later at Addis Ababa in June 1960. The Conference had stated its conviction that an improvement in economic and social conditions in Africa would help to raise the level of living and to ensure stability. For that reason it had considered the establishment of an African development bank and an African commercial bank a necessity. His Government had taken an active part in all that work.

2. Subsequently, in operative paragraph 5 of resolution 1718 (XVI) concerning the economic development of Africa, the General Assembly itself had endorsed the principle of the establishment of an African development bank. The Economic Commission for Africa had drawn up a report on the possibilities of establishing such a bank (E/CN.14/129 and Corr.1). The report showed that Africa had need of a development bank which could provide the African countries with capital on favourable terms. The bank, for its part, should be able to muster African capital to show that Africa could take part in the effort of financing. Taking note of the success of the Inter-American Development Bank, the report pointed out that a regional development bank would be in the best position to understand the problems peculiar to the continent. Those considerations had led ECA to accept the principle of the establishment of an African development bank and to set up a committee to carry out the preparatory work. The African countries were of course aware of the difficulty of the task and it was for that reason that in ECA resolution 52 (IV) (E/3595) they had requested the Council to give that committee all the necessary support and assistance which it might require in the fulfilment of its assignment. The sponsors of draft resolution E/L.943 were now asking the Council to take note of the ECA resolution and to endorse the request for assistance. They hoped that their text would be adopted unanimously.

3. After consulting a number of delegations, the sponsors of the draft resolution had decided to replace the word "*Welcomes*" in operative paragraph 1 by the words "*Takes into account*".

4. Mr. DELGADO (Senegal) said that his country and all the African States took a keen interest in the establishment of an African development bank, a matter which they had discussed at the Conference of Independent African States and the conferences of the so-called Lagos, Monrovia and Brazzaville groups. Such a step would be a very important milestone in the development of economic relations among the African States, on the one hand, and between Africa and the rest of the world on the other. The differences which had appeared during the ECA session had related in essence to the organization, structure and precise functions of the financial institution. For example, some delegations had thought that, with the present incomplete degree of economic integration, it might be better to establish sub-regional banks in Africa. His delegation had thought that such minor difficulties would be settled by the committee set up under the terms of the resolution and by the conference of African finance ministers. To the many delegations which had wanted to mobilize national savings in the African countries, the Senegalese delegation had declared that in its opinion all the African States had need of their own resources. It had considered the idea premature and had asked the Executive Secretary to carry out consultations, in

order to ascertain first of all how much capital would be available. In his delegation's opinion, the African development bank should above all fill the existing gaps and should preferably limit its activities to operations between States or to assistance to central banks which were experiencing temporary difficulties. Lastly, in order to ensure its complete impartiality, the board of directors of the bank should be supported by a board of experts.

5. Turning to the draft resolution (E/L.943), he pointed out that for the time being the Council would only take note of the decision taken by ECA and would not be asked to approve that decision until it had received the committee's report and all the other relevant material. Moreover, the Council would endorse the request for the convening of a conference of finance ministers. Operative paragraphs 1 and 2 did not therefore imply a complete endorsement, since the Council's decision would relate only to the preparatory work which the Executive Secretary of the Commission would be responsible for carrying out. Lastly, the sponsors of the draft resolution were asking the Council to provide the committee with the appropriate technical and financial assistance. At the present stage of the question, there would seem to be no need for a prolonged debate and he urged the Council to adopt the draft resolution unanimously.

6. Mr. PATIÑO ROSELLI (Colombia) said that he would gladly support the draft resolution (E/L.943), since the Latin American countries had been able to see for themselves that a regional development bank was a particularly effective means of expansion. The Inter-American Development Bank — whose establishment had unfortunately been delayed for seventy years because of dissension among the American countries — would be called upon to play a crucial role in the Alliance for Progress, the most ambitious undertaking of all time. He was glad that it was an organ of the United Nations which had taken the initiative in proposing the establishment in Africa of an institution which would undoubtedly contribute to the advancement of the countries of that continent.

7. Mr. NATH (India) said that his country, which was carrying out a vast development programme, understood the hopes of the African countries and would vote in favour of the draft resolution before the Council, just as it had voted in favour of General Assembly resolution 1718 (XVI).

8. The PRESIDENT invited the observer from Ghana to take the floor, in accordance with rule 75 of the rules of procedure.

9. Mr. APPIAH (Ghana) thanked the Council for allowing him to state his country's views on a subject of considerable interest to it. The question of financing development in Africa had already been studied at length, particularly by the General Assembly, which in resolution 1718 (XVI) had emphasized the need for establishing regional economic development banks for Africa. ECA, for its part, had recently accepted the principle of the establishment of an African development bank and had instructed a committee of nine members to make all the necessary contacts, to draft a charter for the bank and to make recommendations on the choice of a site. He was glad to note that the Council had decided to give the ECA resolution priority consideration so as to enable the Committee to complete its work within the short time provided.

10. At the fourth session of the Economic Commission for Africa, the Ghanaian delegation had had occasion to point out that the African countries were faced with the challenge of proving to the world that they could bring their continent, within a matter of decades, to the level of economic and social development which other parts of the world had only attained after several centuries. That was an immense task which would, however, be facilitated by the fact that those countries would be able to avoid the mistakes of the past and build an economic system that took account of the social milieu and sought to serve, not to enslave, the people. Although different opinions had been expressed at the last session of ECA, no African delegation had opposed the establishment of an African development bank, the need for which had already been recognized at the two conferences of independent African States held at Accra in 1958 and Addis Ababa in 1960, at the conference of heads of African and Malagasy States held at Monrovia in 1961 and again at Lagos in 1962, and at the meetings of the Casablanca Powers. It was therefore clear that the committee set up by ECA would have to study the technicalities of establishing such a bank but would not question the actual principle of its establishment. The Ghanaian delegation considered that it would be best to start with a central development bank and to establish sub-regional branches if that proved necessary in the light of experience.

11. According to the panel of experts who had advised the Executive Secretary of ECA, the bank would need from $1,000 million to $1,500 million and the African countries should contribute $200 million of that amount. Thus, if the bank was to be created, the non-African countries would have to be prepared to furnish between $800 million and $1,300 million. Ghana had always advocated that international assistance to Africa should be channelled through the United Nations, but it realized that the African countries needed to enter into bilateral arrangements with non-African countries. The creation of an African development bank would not replace either those bilateral arrangements or the assistance furnished to Africa by United Nations agencies. It should therefore be clearly understood at the outset that at least $1,000 million of fresh capital funds shoud be available to the African States. The Ghanaian delegation, which placed high hopes in the new bank, trusted that draft resolution E/L.943 would be adopted unanimously by the Council.

12. Mr. VIAUD (France) said that he was prepared to vote in favour of operative paragraphs 3 and 4, which constituted the essence of the draft resolution in that they would make it possible for the measures recommended by ECA to be carried out. The French delegation was glad that the representative of Ethiopia

had altered the wording of operative paragraph 1, since the Council would have to review the entire question at its summer session, when it would give thorough consideration to all the ECA resolutions. His delegation would therefore have liked a similar change to be made in operative paragraph 2. There were doubtless good reasons for convening a conference of ministers, but the Council had not yet studied all aspects of the proposal. Besides, it was not absolutely necessary for the Council to adopt that idea and it would surely be enough for it simply to take account of it. He hoped that the sponsors of the draft resolution would agree to make that slight change, which would enable the French delegation to vote in favour of the draft resolution as a whole.

13. Lastly, the additional expenses foreseen by the Secretary-General in his statement of financial implications (E/3595/Add.1) related not only to the financial year 1962 but also to 1963, for which there were as yet no budget estimates. The Council was not called upon at the present stage to concern itself with expenditure for 1963 and it would be sufficient for the Secretary-General to take it into account in the budget estimates for that year which he would submit to the Advisory Committee on Administrative and Budgetary Questions.

14. Mr. EL-FARRA (Jordan) said that he too thought that the establishment of the bank would fill a need and he pointed out that ECA had not proposed its establishment until it had made very extensive preliminary studies. Similar organizations were already in existence in other parts of the world and it was no longer necessary to prove that they were useful. Jordan would vote in favour of draft resolution E/L.943.

15. Mr. WODAJO (Ethiopia), replying to the representative of France, pointed out that operative paragraph 2 of the draft resolution related to a purely procedural question. The Council could therefore adopt the paragraph as it stood without thereby renouncing its right to reconsider the substance of the question at its next session. He hoped that the representative of France would not press his proposal.

16. Mr. ITO (Japan) said that his country was keenly interested in the development of Africa and had sent an observer to the fourth session of ECA. He would not go into the details of the statement of financial implications submitted by the Secretary-General (E/3595/Add.1), since the financial implications could be considered under agenda item 15 and the two teams of the negotiating group of the Committee of Nine had still to give the results of their work. For the time being he would simply support the idea of assisting the Committee of Nine. With regard to draft resolution E/L.943, the Japanese delegation thought it would have been better if the amendment proposed by the representative of France had been accepted by the sponsors; nevertheless it would still vote in favour of the draft resolution.

17. Mr. DELGADO (Senegal) asked that the meeting should be suspended to enable the sponsors of the draft resolution to prepare a final text.

The meeting was suspended at 4.15 p.m. and resumed at 4.30 p.m.

18. After an exchange of views in which Mr. DELGADO (Senegal), Mr. KLUTZNICK (United States of America), Mr. VIAUD (France) and Mr. WALKER (Australia) took part, Mr. WODAJO (Ethiopia) read out the following new text of operative paragraph 2 of draft resolution E/L.943, which had been accepted by the sponsors:

"2. *Endorses* the request made to the Executive Secretary of the Economic Commission for Africa to convene a conference of ministers to review the report of the Committee and to take appropriate steps within the framework of the decision of the Commission on the establishment of the bank;"

19. In reply to a question from Mr. WALKER (Australia), Mr. WODAJO (Ethiopia) said that, as ECA had already decided to establish the bank, the last six words of the English text of operative paragraph 2 referred to the decision of ECA and not to the steps to be taken by the conference of ministers.

20. Mr. DELGADO (Senegal) said that in view of the slight change in the form of operative paragraph 1 proposed by the representative of Ethiopia, and in order to avoid repetition, the third preambular paragraph and operative paragraph 1 of the French text should now read:

"*Considérant* l'état des incidences financières établi par le Secrétaire général,

"1. *Prend en considération* la décision de la Commission économique pour l'Afrique qui, dans sa résolution 52 (IV), accepte le principe de la création d'une banque africaine de développement et constitue un comité chargé de faire des études, d'établir des contacts et de rédiger les statuts de la banque envisagée;"

21. The PRESIDENT put draft resolution E/L.943, as amended, to the vote.

The draft resolution, as amended, was adopted unanimously.

The meeting rose at 4.45 p.m.

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