

UNITED NATIONS  
GENERAL  
ASSEMBLY



Distr.  
GENERAL

A/2447  
26 August 1953

ORIGINAL: ENGLISH

Eighth session

QUESTIONS RELATING TO ECONOMIC DEVELOPMENT

Memorandum by the Secretary-General

1. The provisional agenda of the eighth session of the General Assembly<sup>1/</sup> contains the following items:

Item 26: Economic development of under-developed countries:

- (a) Question of establishing a special fund for grants-in-aid and for low-interest long-term loans: report of the Economic and Social Council (resolution 622 A (VII) of 21 December 1952).
- (b) Status of the proposal for the establishment of an international finance corporation: report of the Economic and Social Council (resolution 622 B (VII) of 21 December 1952).

Item 27: Expanded Programme of Technical Assistance for the economic development of under-developed countries: report of the Economic and Social Council (resolution 621 (VII) of 21 December 1952).

Item on the supplementary list: Question of assistance to Libya: item proposed by the Economic and Social Council (Economic and Social Council resolution 493 (XVI) of 3 August 1953).

The present paper provides a summary of the background material which will be before the General Assembly when it comes to consider these subjects.

<sup>1/</sup> Documents A/2416 and A/2443.

2. In accordance with General Assembly resolution 306 (IV) of 16 November 1949, the annual report of the Economic and Social Council<sup>2/</sup> includes a special chapter (chapter III) on the measures being taken to promote the economic development of under-developed countries. This chapter gives an account of the activities of the Council in respect of economic development during its fifteenth and sixteenth sessions.
3. The attention of the General Assembly is also drawn to chapter II of the Council's report on general economic questions. Several sections of this chapter bear on economic development - in particular, the account of the discussion in the Council on the current world economic situation (section I), of the discussion and action on full employment (section II) and of the discussion on the reports of the regional economic commissions (sections X, XI and XII). The activities of the specialized agencies relating to economic development are reported upon in chapter II and in chapter III.

Economic development of under-developed countries

4. Under this item action was taken by the Economic and Social Council on two matters, namely, the proposal regarding the special United Nations fund for economic development and the proposal for an international finance corporation.
5. The Council, at its fourteenth session, had had before it the request of the General Assembly (resolution 520 A (VI) of 12 January 1952) "to submit to the General Assembly at its seventh regular session, a detailed plan for establishing, as soon as circumstances permit, a special fund for grants-in-aid and for low-interest, long-term loans to under-developed countries for the purpose of helping them, at their request, to accelerate their economic development and to finance non-self-liquidating projects which are basic to their economic development". By resolution 416 A (XIV) of 23 June 1952, the Economic and Social Council decided, in view of the complex nature of the task

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<sup>2/</sup> See Official Records of the General Assembly, Eighth Session, Supplement No. 3 document A/2430.

and in view of the shortness of the time available in the Council's single session in 1952, to establish a committee to prepare a detailed plan for a special fund in accordance with the terms of the Assembly resolution. The committee was to be appointed by the Secretary-General, and was to complete its report to the Council not later than 1 March 1953.

6. In resolution 622 A (VII) of 21 December 1952, the General Assembly noted that, for reasons beyond its control, the Economic and Social Council had been unable to submit to the General Assembly at its seventh session a detailed plan for establishing a special fund and requested the Council to submit such a plan to the General Assembly at its eighth session, bearing in mind that "especially in the present state of world tension, it is necessary to give special attention to the problem of international financing of economic and social development through international co-operation within the framework of the United Nations".
7. In accordance with the terms of Council resolution 416 A (XIV), the Secretary-General appointed a Committee which met for seven weeks commencing 21 January 1953, and which unanimously submitted a document entitled Report on a Special United Nations Fund for Economic Development.<sup>3/</sup>
8. After discussion of the Committee's report at its sixteenth session, the Economic and Social Council, by resolution 482 A (XVI) of 4 August 1953, transmitted the report of the Committee to the General Assembly, together with the pertinent records of the sixteenth session of the Council, and recommended that the General Assembly should consider, in the light of the report of the Committee and the records of the sixteenth session of the Council, what other preparatory steps might usefully be taken toward the establishment, when circumstances permitted, of an international fund designed to assist the development and reconstruction of the under-developed countries.
9. In the second part of the same resolution, the Council, looking forward to the possibility that savings from disarmament might make

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<sup>3/</sup> United Nations Publication, Sales No. 1953.II.B.1.

additional resources available to assist development and reconstruction, also recommended that governments should consider joining, at the eighth session of the General Assembly, in the following draft declaration:

"We, the governments of the States Members of the United Nations, in order to promote higher standards of living and conditions of economic and social progress and development, stand ready to ask our peoples, when sufficient progress has been made in internationally supervised worldwide disarmament, to devote a portion of the savings achieved through such disarmament to an international fund, within the framework of the United Nations, to assist development and reconstruction in under-developed countries."

10. The proposal for an International finance corporation was originally the subject of a report by the International Bank for Reconstruction and Development submitted to the fourteenth session of the Economic and Social Council (E/2215). In resolution 416 C (XIV) of 23 June 1952, the Council requested the Bank to examine further the proposal for creating such a corporation and to report back to the Council in 1953. In accordance with this resolution, the Bank submitted a report (E/2441) to the sixteenth session of the Council in which it was stated that "while maintaining their interest in the proposal, countries on whom the corporation would necessarily have to depend for the greater part of its funds have not as yet indicated that they are ready to commit themselves to subscribe to its capital. Because of this, the management of the Bank does not believe that any point would be served by greater formalization of the project at this time. The management intends, however, to continue to explore the matter with the Bank's member governments and, if and when there appears to be a reasonable prospect that sufficient financial participation will be forthcoming, will be prepared to present concrete proposals to them for consideration. The Bank will be glad to inform the Council promptly of further developments in connexion with the project."

11. After discussion of the report of the Bank, the Economic and Social Council adopted resolution 482 B (XVI) of 4 August 1953 in which the Council commended the Bank for the useful contribution it had made to the study of the question. The Council invited the Bank to present as soon as possible the results of a further study, with a view to clarifying and analysing the questions that had been raised and the different points of view that had been expressed, continuing at the same time further exploration of the matter with its members, and in so doing to take into account the comments made on the Bank's further report during the sixteenth session of the Council. The Council further invited the Bank to report at its seventeenth session on the progress made in these respects.
12. Attention is also drawn to Council resolution 486 B (XVI) of 9 July 1953 on fiscal incentives to increase the international flow of private capital for the economic development of under-developed countries (see chapter III, section I of the Council's report).

Technical assistance for economic development

13. With regard to the United Nations technical assistance programme, the Council, in resolution 492 A (XVI) of 3 August 1953, took note with satisfaction of the report by the Secretary-General (E/2414) concerning the regular United Nations programme of technical assistance authorized by General Assembly resolutions 200 (III), 246 (III), 418 (V) and Council resolution 222 A (IX). The Council made no recommendations on the matter to the General Assembly (see chapter III, part B, section VII of the Council's report for the discussion of the question).
14. In connexion with the public administration programme, the Council adopted resolution 492 B (XVI) of 4 August 1953 in which it took note of the Secretary-General's report on the programme of technical assistance in public administration (E/2415) and recommended to the General Assembly, for adoption at its eighth session, a draft resolution redefining the objectives and terms of reference of the programme originally authorized

by Assembly resolution 246 (III). An account of the Council's discussion of this question will be found in chapter III, part B, section VII of its report. The text of the draft resolution reads as follows:

"The General Assembly,

"Noting that the programme of activities and organizational arrangements developed by the Secretary-General in consultation with the Economic and Social Council in response to General Assembly resolution 246 (III) of 4 December 1948, and placed on a continuing basis in accordance with General Assembly resolution 518 (VI), are no longer adequately covered by the terms of resolution 246 (III),

"Noting further that the aforementioned activities now form an integral part of a wider programme of assistance to governments in the field of public administration, including aspects other than training,

"Recognizing the increasingly important role of governmental administration in programmes for the promotion of economic development and social welfare,

"1. Approves a revised United Nations programme in public administration comprising:

"(a) The provision, at the request of governments, of technical assistance related to public administration, including training for public service, through:

"(i) The advisory services of experts;

"(ii) Fellowships and scholarships;

"(iii) Training institutes, seminars, conferences, working groups and other means;

"(iv) The provision of technical publications;

"(b) The collection, analysis and exchange of technical information in the field of public administration, in collaboration, where appropriate, with the International Institute of Administrative Sciences and other appropriate institutions, and assistance to governments to promote, by all suitable means, sound public administration, in relation economic and social development;

"2. Authorizes the Secretary-General to continue to include in the budgetary estimates of the United Nations the funds necessary for carrying out an effective operational programme based on the provision of the above services and, in addition, to finance such activities from funds made available from the United Nations Expanded Programme of Technical Assistance, provided that in the latter case such assistance is related to the economic development of under-developed countries;

"3. Reaffirms the principle by which each requesting government shall continue to be expected to assume responsibility, as far as possible, for all or part of the expenses connected with the services furnished to it;

"4. Requests the Secretary-General to report regularly to the Economic and Social Council on activities carried on under this programme".

15. In connexion with the Expanded Programme of Technical Assistance for the economic development of under-developed countries, and on the basis of the report of the Technical Assistance Committee (E/2497), the Council adopted resolution 492 C II (XVI) of 5 August 1953 on financial arrangements for 1954 and future financing of the Expanded Programme. An account of action by the Council on this matter is contained in chapter III, part B, section VIII of its report. The text of the resolution, which calls for early action by the General Assembly at its eighth session, reads in part as follows:

"The Economic and Social Council ...

A.

"1. Emphasizes the pressing need that governments pay their pledged contributions promptly, including those already announced;

"2. Urges States participating in the Expanded Programme of Technical Assistance to continue to give it their full support, financial and other, so as to ensure its essential and natural development and help it to meet the growing needs of the under-developed countries;

"3. Urges that, in order to permit the Expanded Programme of Technical Assistance to progress, governments contribute for the year 1954 so as to meet to the maximum extent possible the programme needs for 1954, and in any case so that the funds available shall be no less than the amount earmarked by the Technical Assistance Board for the approved 1953 programme;

"4. Requests that in order to enable the participating organizations to plan their programmes for 1954 in advance of the beginning of that year, the United Nations Negotiating Committee for Extra-Budgetary Funds meet as soon as possible after the close of the sixteenth session of the Council, and that the fourth Technical Assistance Conference be held as early as possible during the eighth regular session of the General Assembly;

B.

"5. Recommends to the General Assembly to approve at an early date in its eighth regular session the following financial arrangements for the year 1954:

"(a) Seventy-five per cent of total funds available, excluding carry-over, shall be available for allocation to the participating organizations after approval of country programmes by the Technical Assistance Board, in accordance with the percentages set forth in paragraph 8 (c) of Council resolution 222 (IX) as amended and modified pursuant to paragraph 19 of the report of the Technical Assistance Committee to the thirteenth session of the Council (E/2102 and Corr.1);

"(b) The balance of funds available, including carry-over shall be retained in the Special Account: (i) to cover the necessary minimum expenses of TAB and the resident representatives, and (ii) for further allocation to the participating organizations, as provided in Council resolution 433 (XIV);



"(c) In establishing the level of the necessary administrative expense in the whole programme, the need for economy, in view of the present level of operational expenditure, should be fully taken into account;

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D.

"8. Having considered the feasibility of working out estimates for the Programme on a basis longer than a one-year period, according to the desire expressed by the General Assembly in its resolution 621 (VII),

"9. Expresses the view that, for the orderly development of programmes, it would be useful to have assured financial support for a period longer than a year, even if the establishment of accurate long-term estimates of the requirements of the Programme is not feasible;

"10. Invites, therefore, such participating countries as may be in a position to do so, to take steps, within their constitutional limitations, to ensure the financial support of the Programme on a long-term basis".

Question of assistance to Libya

16. The Economic and Social Council, at its sixteenth session, considered the question of assistance to Libya and, having examined a memorandum (E/2469) submitted by the Libyan Government, decided, by resolution 493 (XVI) of 3 August 1953, to transmit the relevant documentation and summary records to the General Assembly, and recommended it to take the following action:

"(a) To invite all governments which are in a position to do so to provide, in the spirit of the United Nations Charter and within their possibilities, financial and technical assistance to Libya in order to assist in Libya's economic development;

"(b) To recommend that, if and when further means become available for assisting in the financing of the development of under-developed areas, due consideration be given by the United Nations and the specialized agencies to the specific development needs of Libya;

"(c) To request the Secretary-General and the specialized agencies concerned to continue to waive local costs and to give all possible favourable consideration to the requests of Libya for technical assistance, taking into account the special needs of Libya and the principles of the technical assistance programmes of the United Nations and the specialized agencies".

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