



General Assembly

PROPOSED MEDIUM-TERM PLAN FOR THE PERIOD 1992-1997\*  
 MAJOR PROGRAMME IV. INTERNATIONAL ECONOMIC CO-OPERATION FOR DEVELOPMENT  
 Programme 14. Development finance, resource flows and external debt

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FOR DEVELOPMENT

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\* The present document contains programme 14 of the proposed medium-term plan for the period 1992-1997. The complete medium-term plan will subsequently be issued in final printed form as Official Records of the General Assembly, Forty-fifth Session, Supplement No. 6 (A/45/6/Rev.1).

PROGRAMME 14. DEVELOPMENT FINANCE, RESOURCE FLOWS AND  
EXTERNAL DEBT

A. Programme

1. General orientation

14.1 This programme is concerned with the broad range of topics centring on resources for development, money and finance, debt and related issues of interdependence. It deals with questions of utilization by developing countries of external financial resources and the adequacy of such resources, while paying attention to both concessional and non-concessional finance, as well as to foreign private direct investment and capital outflows. It will deal with the utilization of domestic resources for development, including both financial and human. In connection with human resources development as a means for the fulfilment of human potential and promotion of well-being, the role of women in development is recognized. The programme will also address the economic impact of diverting resources from expenditure on armaments towards more socially productive uses. In view of the importance of a stable international monetary environment, developments in the international monetary system and their impact, particularly on developing countries, will be continuously monitored. With regard to debt, analysis of developments and policies, creditor club operations, and debt-management assistance will be given attention, as will the formulation and implementation by debtor countries of appropriate programmes of growth and development-oriented macro-economic stabilization and of structural adjustment and reform. In examining those issues, particular care will be exercised to take effective account of the interdependencies that exist among money, finance, debt, trade and development, including concerns for sustainable development. The existence of close linkages between the economy, population and the natural environment is recognized. Consideration will be given to the manner in which those linkages may be reflected in various parts of the work programme of the United Nations Conference on Trade and Development (UNCTAD).

14.2 The development of the domestic insurance sector is an important element in the mobilization of domestic resources.

14.3 Particular attention in all of those areas will be given to the least developed countries, which have dropped further away from the mainstream of world economic growth and prosperity, as well as to the African countries in the context of follow-up to the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 (General Assembly resolution S-13/2, annex). The issues and policies related to the least developed countries are covered in programme 15 of the medium-term plan.

2. Overall strategy

14.4 The responsibilities and activities of UNCTAD in respect of those issues are indicated in the four subprogrammes described below.

14.5 Member States can contribute to the achievement of the objectives of the UNCTAD programmes by reaffirming their commitment to strengthen multilateral co-operation aimed at revitalizing development and expanding growth and trade. In

this regard, they can take the necessary measures to improve the environment for restoring the development process. The developed market-economy countries can take co-ordinated action to promote stable and non-inflationary growth and deal with their mutual imbalances in a manner that will be beneficial to development. Together with the countries of Eastern Europe, they can contribute to the production potential of developing countries, improve access for exports of those countries and undertake appropriate structural adjustment. They can also expand their economic assistance and increase the flow of resources to developing countries. The developing countries, for their part, acting in pursuit of their national objectives and priorities, can strengthen the mobilization of domestic financial and human resources, including indigenous private capital and entrepreneurship; provide a suitable policy environment for the inflow of external financial resources; improve the effectiveness of the use of external and domestic resources; and intensify their mutual co-operation in pursuance of national and collective self-reliance.

14.6 Policy initiatives by developing countries to restore the momentum of growth to their economies will need to be supplemented by co-ordinated action by other countries and international organizations in the interrelated areas of trade, money and finance. In seeking to revive and sustain economic growth in the developing countries, as the material base for their development, national and international policy makers will have to pay increased attention to the importance of the qualitative components of development objectives, including ecologically sustainable growth and the need for full participation of all sections of the population in the development process and an equitable distribution of the benefits of growth. For the fulfillment of those aims, Governments, enterprises and other actors in the development process will have to enhance economic efficiency and social responsibility and to handle interdependence through appropriate intergovernmental and national action, in a comprehensive and broad-based manner to ensure mutual benefit for all, especially developing countries.

14.7 The secretariat will need to make its own contribution to enhancing the effectiveness of UNCTAD as an instrument of international co-operation for development by strengthening its support for intergovernmental consultations and negotiations, its research and conceptual innovation capacity and the interaction of its research work with operational activities.

14.8 With regard to co-ordination and co-operation, UNCTAD has, within the Secretariat, primary responsibility for monetary and financial issues including debt problems of developing countries, although within the United Nations system, the World Bank and the International Monetary Fund (IMF) have specialized expertise in those areas. In the context of the global analysis and monitoring responsibilities of the Department of International Economic and Social Affairs, UNCTAD and the Department will co-operate closely in those areas. In connection with debt-management systems, UNCTAD will continue to co-ordinate its work with the World Bank, IMF and other multilateral institutions that are active in the field. Similarly, UNCTAD will continue its co-operation with the United Nations Institute for Training and Research (UNITAR) in the area of training related to debt management.

### 3. Subprogramme structure and priorities

14.9 Taking into account that orientation and the issues to be addressed, the programme will consist of the following subprogrammes:

- Subprogramme 1. External financing and international monetary issues
- Subprogramme 2. Debt and development problems of developing countries
- Subprogramme 3. Interdependence and intersectoral support
- Subprogramme 4. Insurance

14.10 During the medium-term plan period, priority will be given to external financing and debt and their interrelationship with trade and development, for which subprogramme 3 (Interdependence and intersectoral support) provides an integrating framework.

#### B. Subprogrammes

##### SUBPROGRAMME 1. EXTERNAL FINANCING AND INTERNATIONAL MONETARY ISSUES

###### (a) Objectives

14.11 The legislative authority for this subprogramme derives from General Assembly resolutions 42/175 and 43/187; UNCTAD resolution 129 (V); Final Act of the seventh session of UNCTAD (see TD/352, vol. 1), paragraphs 30 (c) and (d), and 34-69; Trade and Development Board decision 10 (I); and Committee on Invisibles and Finance related to Trade resolutions 16 (IX) and 18 (IX).

14.12 The objectives of the subprogramme will be to review and consider the policy implications of:

(a) Developments in aid policies and performance, with a view to the promotion of international financial co-operation for development;

(b) Expansion of financial flows to developing countries, including measures to make concessional flows more predictable, and the utilization of aid;

(c) Developments in financial and money markets and measures to utilize effectively commercial sources of finance, including foreign direct investment in the context of national development strategies;

(d) Domestic resource mobilization;

(e) Developments in international monetary issues as they relate to the achievement of development objectives;

(f) The relationship between the external environment and domestic policies.

(b) Course of action of the secretariat

14.13 The pursuit of the subprogramme's objectives will necessitate examination of trends in various categories of financial transfers and analysis of new flows of funds and techniques of resource transfers. The impact of problems associated with reverse flows of funds from concerned developing countries to developed countries, on account of both debt service payments and private remittances, will be assessed. The main subjects of the UNCTAD secretariat's work and intergovernmental deliberations and negotiations are expected to be:

- (a) The problems of access to capital markets;
- (b) Measures to make concessional flows more predictable and continuous, as well as improved utilization of aid on the part of recipient countries;
- (c) Favourable conditions and policies for attracting foreign direct investment and its contribution to the development process;
- (d) The impact of the international monetary system on the development process;
- (e) The problems created by fluctuating exchange rates and high interest rates.

To that end, a systematic capability to monitor the global flow of funds will be maintained.

SUBPROGRAMME 2. DEBT AND DEVELOPMENT PROBLEMS OF DEVELOPING COUNTRIES

(a) Objectives

14.14 The legislative authority for this subprogramme derives from General Assembly resolutions 41/202, 42/175, 42/198, 43/198 and 44/205; Final Act of the seventh session of UNCTAD, paragraphs 44-46; and Trade and Development Board decision 10 (I), and resolutions 165 (S-IX), 222 (XXI), 358 (XXXV) and 375 (XXXVI).

14.15 The objectives of the subprogramme will be to clarify and explore the nature and scope of the debt problems faced by developing countries and to evolve effective international co-operation for dealing with debt and development problems.

(b) Course of action of the secretariat

14.16 Research and analysis will be carried out in the area of debt and development problems of developing countries, including the particular problems faced by the heavily commercially-indebted countries, the least developed countries, and other developing countries whose debt is mainly due to other official creditors and multilateral financial institutions. This work will be undertaken in order to contribute to the elaboration, through intergovernmental dialogue and co-operation with competent bodies, of a flexible growth-oriented debt strategy. In dealing with the debt and development problems of developing countries, research on different experiences should be carried out. In addition, research and analysis, as well as a comprehensive data base, will be maintained at the country level in order to support the participation of UNCTAD in creditor club

debt reorganization meetings, in particular the Paris Club meetings. The broad question of rescheduling techniques and measures to restore adequate new financing, as well as the analysis of initiatives for a lightening of debt burdens, will be explored. Such research will also support assistance to requesting developing countries in the preparation of their cases for presentation to creditor club debt reorganization meetings. Research capacity will be maintained in order to provide analytical and practical advice to developing countries in trying to develop effective debt-management systems. To that end, the package of country targeted technical co-operation will be further developed with a sharper focus on the institutional aspects of debt management, while activities will be undertaken to redesign the computer-based system in a more advanced language, in order to meet the increasingly complex needs for statistical and macro-economic analysis and with the concomitant training.

### SUBPROGRAMME 3. INTERDEPENDENCE AND INTERSECTORAL SUPPORT

#### (a) Objectives

14.17 The legislative authority for this subprogramme derives from General Assembly resolutions 36/145, 42/175, 42/186, 42/187, 43/188 and 44/228; UNCTAD resolution 90 (IV); Final Act of the seventh session of UNCTAD, paragraphs 4-32, 34-69 and 154-155; and Trade and Development Board resolutions 144 (XVI), 370 (XXXV) and 374 (XXXVI).

14.18 The objectives of the subprogramme will be the following:

(a) To explore the nature and evolution of interdependence among sectors, regions and national economies;

(b) To determine those combinations of domestic and international policies which would best reinforce the positive aspects of the complex interdependence of the world economy, taking into account the interrelationships among short-term, medium-term and long-term phenomena;

(c) To seek to translate the awareness of interdependence into positive action by strengthening multilateral co-operation and multilateral mechanisms to support predictability and stability in international economic relations and to revitalize development, growth and international trade.

#### (b) Course of action of the secretariat

14.19 To support intergovernmental consideration of the problems of interrelationships in the areas of money, finance, debt, commodities, trade and development as an integrating framework for the whole range of issues dealt with by UNCTAD, the secretariat will undertake the following activities:

(a) Research and analysis on issues of interdependence, both among sectors and geographic areas, encompassing relationships between short-term phenomena and policy issues and longer-term development trends and objectives;

(b) Analysis of resource requirements of developing countries, including mobilization of domestic and external resources;

(c) Examination of other development issues of relevance, including structural changes in the world economy.

14.20 The UNCTAD secretariat will provide up-to-date quantitative analyses, including short-term to medium-term forecasts and longer-term scenarios, to support the effective examination by intergovernmental bodies of the economic situation of developing countries, collectively and individually, and of the world economy as a whole. To this end, it will improve the System for Interlinked Global Modelling and Analysis (SIGMA) by making use of new simulation techniques to address more precisely, complex problems of policy co-ordination among countries and among sectors in a context of uncertainty.

14.21 The UNCTAD secretariat will establish and improve exchanges with other entities and organizations, inside and outside the United Nations system, on the economic outlook, policy issues related to the outlook, timely national and international statistics, and progress in model building and simulation analysis, through regional and interregional meetings and bilateral contacts. In addition, it will continue to respond to requests from other secretariats for input into their documentation in the areas outlined above.

#### SUBPROGRAMME 4. INSURANCE

##### (a) Objectives

14.22 The legislative authority for this subprogramme is UNCTAD resolution 42 (III); and Committee on Invisibles and Finance related to Trade resolutions and decisions 7 (VI), 9 (VII), 10 (VII), 13 (VIII), 19 (IX), 28 (XI), 30 (XII), 31 (XII) and 32 (XII).

14.23 The objectives of the subprogramme will be to promote the development of a viable insurance sector in developing countries supportive of their development. To that end, the subprogramme will assist developing countries in improving the technical and economic performance of their insurance markets in order to reduce their dependence on international insurance and reinsurance centres and to enable those markets to cover, as far as is technically feasible, the insurance operations generated by national economic activities. It will also support measures encouraging an increase in the volume of insurance business underwritten and retained domestically, and the investment of premiums in the country where they arise.

##### (b) Course of action of the secretariat

14.24 The UNCTAD secretariat will support intergovernmental consideration of insurance and related matters with a view to helping developing countries develop new and larger types of insurance protection to cover economic activities crucial for the development process, such as:

(a) The expansion of agricultural and industrial production, the development of transport activities and credit facilities and the promotion of foreign trade;

(b) Obtaining coverage at favourable prices and conditions and with a reasonable degree of security in international markets for risks that cannot be covered domestically;

(c) Creating conditions that will make the insurance industries of developing countries competitive in international markets, particularly as regards reinsurance;

(d) Further developing and updating insurance legislation and supervision;

(e) Introducing education and training programmes for the development of qualified personnel and managerial capacity in the field of insurance;

(f) Increasing regional and subregional co-operation among developing countries in insurance, particularly in the field of reinsurance, including the creation of regional or subregional reinsurance institutions and pools, and increasing such co-operation as regards risks that individual developing countries cannot cover adequately;

(g) Increasing the awareness within their economies of the need for risk management and the application of suitable techniques in this field.

14.25 The UNCTAD secretariat will undertake research studies to analyse the insurance markets of developing countries and their structural weaknesses. In-depth studies will identify problems and bottle-necks that prevent the effective functioning of those markets, make proposals on how to overcome them and draw attention to priority needs of developing countries in that area. The UNCTAD secretariat will also undertake regular reviews of developments in insurance markets of developing countries, highlighting important developments, pointing out the emergence of specific or new problems and drawing attention to solutions introduced by developing countries themselves that may lend themselves to a wider application. Statistical data will be collected from developing countries in order to provide information about the structure and growth of insurance markets in developing countries and their role in the national development process.

14.26 In addition, the UNCTAD secretariat will undertake the following activities:

(a) To identify possibilities for increased co-operation among developing countries in suitable and prospective fields (for example exchange of reinsurance);

(b) To assist in efforts to update and complement insurance legislation and supervision;

(c) To provide, upon request, advice regarding measures that could strengthen insurance markets of individual developing countries or of groups of developing countries.

14.27 Further, the UNCTAD secretariat will provide support to:

(a) Technical co-operation activities, focusing on education and training designed to enable developing countries to acquire the necessary qualified personnel for the effective conduct of their insurance business;

(b) The further development and updating of insurance legislation and the strengthening of supervisory capacity for the effective regulation of insurance markets;



(c) The strengthening of insurance markets of developing countries, inter alia, through advice on the strengthening of domestic insurance/reinsurance companies and on the feasibility of establishing various insurance and related services.

Particular emphasis will be placed on assistance designed to strengthen co-operation among developing countries in the field of insurance and reinsurance.

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