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Liaison - U.N. Economic & Social Council  
1959-60



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Liaison - United Nations - Economic and Social Council - 1959 / 1960 - Correspondence  
Volume 1

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CLOSED AS DECEMBER 1960

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*Case*

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld

DATE: October 31, 1960

FROM: A. D. Spottswood *A.D.S.*

SUBJECT: U.N. Conference on New Sources of Energy

I read the Information Bulletin on the initial organizational arrangements for the U.N. Conference on New Sources of Energy to be held in Italy from August 21 - 31, 1961. The purpose of the Conference will be devoted, according to the Bulletin, solely to the exchange of ideas and experience in the application of solar energy, wind power and geothermal energy. Attendance at the Conference will be by invitation only; invitees will participate in their individual and personal capacities and not as representatives of international, governmental or non-governmental organizations.

Since we do not have on our staff anyone qualified to contribute knowledge or experience about solar energy, wind power or geothermal energy, and since these sources of energy, with the possible exception of geothermal energy, are still largely experimental, I do not see much justification for the Bank to be represented at the meeting.

While there has been some interest expressed in development of geothermal energy in a few of our member countries, nothing very tangible has been developed in the way of projects in these countries nor is the Bank likely to be asked to consider such projects except perhaps in Iceland. Iceland has submitted to the Bank a rather preliminary program for expansion of the facilities for heating Reykjavik from geothermal sources. If the Bank decides to consider this project it would come up for appraisal before the meeting in Italy in August 1961.

I therefore recommend that we not participate in the U.N. Conference on New Sources of Energy.

ADS:bli

*Mr. Lopez Herrarte*  
*I agree with Mr. Spottswood*  
*memo*  
*10/31/60*

September 7, 1960

Your Ref: SO 244(11)

Mr. C. V. Narasimhan  
Under-Secretary for Special  
Political Affairs  
United Nations  
New York 17, N.Y.

Dear Sir:

On behalf of Mr. Black I wish to acknowledge receipt of your letter of August 29, 1960, drawing the Bank's attention to the resolution adopted by the Economic and Social Council on July 25, 1960, regarding measures directed towards the advancement of women, particularly in the under-developed countries.

In reply to your inquiry I wish to inform you, on behalf of the International Bank, that we have no program on activities directed towards this objective and therefore do not have any suggestions to offer in this field.

Sincerely yours,

Enrique Lopez-Herrarte  
Liaison Officer  
Technical Assistance and Planning Staff

ELH:em

*Securin b. h.c.*

UNITED NATIONS  NATIONS UNIES  
NEW YORK

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FILE NO.:

SO 244(11)

29 August 1960

Dear Mr. Black,

..... I wish to draw your attention to the attached resolution, adopted by the Economic and Social Council on 25 July 1960.

The Secretary-General would be grateful if you would communicate to him all available information concerning the various programmes and activities of your organization directed towards the advancement of women, particularly in the under-developed countries. He would also appreciate any suggestions which you may wish to make concerning the need for, and the possibilities of, any further action specially directed to this end, including any ideas and suggestions which may be based on the experience gained by experts or other personnel of your organization, working in the field.

In order to enable the Secretariat to undertake the study without too much delay, I would be thankful for a reply at your earliest convenience.

Yours sincerely,

*C.V. Narasimhan*

C.V. Narasimhan  
Under-Secretary for  
Special Political Affairs

*ack Sept 7*

Mr. Eugene R. Black  
President  
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington 25, D.C.

ANNEX

Resolution 771 H (XXX) of 25 July 1960

UNITED NATIONS ASSISTANCE FOR THE ADVANCEMENT OF WOMEN  
IN UNDER-DEVELOPED COUNTRIES

The Economic and Social Council,

Recalling that the principle of the equality of rights of men and women is set forth in the Charter of the United Nations and in the Universal Declaration of Human Rights, and that the effective realization of this principle is a goal of the international community as a whole,

Considering that such realization depends everywhere not only on the will of the public authorities but also on the economic means which countries have at their disposal,

Considering that the economically under-developed countries are generally those which have the least resources and must make the greatest efforts towards the realization of this principle,

Recognizing, however, that the efforts which these countries make do not meet their needs in this particular field, despite the valuable assistance which they receive either through bilateral agreements or from the United Nations and the specialized agencies,

Recognizing that such a situation creates a serious obstacle to the advancement of women in these countries,

Recognizing that further study by the United Nations and the specialized agencies would be desirable in this field,

1. Requests the Secretary-General to study, in co-operation with Governments of Member States and the specialized agencies, the need for and possibilities of further United Nations assistance especially directed towards the efforts of under-developed countries to advance the status of women;
2. Invites Member States to assist the Secretary-General in undertaking and completing this study;
3. Requests the Secretary-General to report on the results of his study to the Council and to the General Assembly at a later session.

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1960 AUG 30 PM 1:54

to the Council and to the General Assembly at a later session.

3. Requests the Secretary-General to report on the results of his study and consulting with the study.

4. Invites Member States to assist the Secretary-General in undertaking the efforts of under-developed countries to advance the status of women; encourages them to assist in the development of national legislation and to assist in the implementation of such legislation; and to assist in the need for such

5. Requests the Secretary-General to study in co-operation with the specialized agencies which are competent in this field.

6. Requests that the United Nations and the specialized agencies should continue to work together in this field.

7. Requests that the United Nations and the specialized agencies should continue to work together in this field.

8. Requests that the United Nations and the specialized agencies should continue to work together in this field.

9. Requests that the United Nations and the specialized agencies should continue to work together in this field.

10. Requests that the United Nations and the specialized agencies should continue to work together in this field.

11. Requests that the United Nations and the specialized agencies should continue to work together in this field.

12. Requests that the United Nations and the specialized agencies should continue to work together in this field.

13. Requests that the United Nations and the specialized agencies should continue to work together in this field.

14. Requests that the United Nations and the specialized agencies should continue to work together in this field.

IN UNDER-DEVELOPED COUNTRIES  
UNIFIED NATIONAL LEGISLATION FOR THE ADVANCEMENT OF WOMEN

Resolution 1418 (XXXV) of 20 July 1960

UNIDOC



Mr. Demuth

June 13, 1960

Enrique Lopez-Herrarte

ECOSOC - 30th Session

The Secretary-General of the United Nations suggested to the members of ECOSOC at the end of the 28th Session (December 1959) that they should be represented during part of the 30th Session of the Council by high ranking officials of ministerial level.

All members of ECOSOC accepted the idea in principle but up to date only Mr. Dillon, Under-Secretary of State of the U.S. has agreed to be present. However, the U.K., France, the Netherlands and the U.S.S.R. have indicated informally that they will also send high ranking representatives to this meeting. Their appearance is scheduled for July 11-14 to coincide with the general discussion on the World Economic Survey.

I understand, also, that Mr. Jacobsson of the IMF is going to attend these meetings because he suggested to the Secretary-General that perhaps it might be a good idea for him to be present.

It is not anticipated that any momentous decisions or even any high level discussions will take place. The only reason for this type of meeting is a feeble attempt to give a shot in the arm to this decadent body.

ELH:em

UN Lamm  
h.c.

June 9, 1960

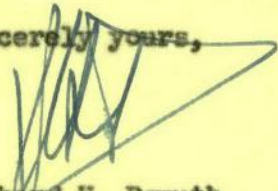
Mr. Martin Hill  
Deputy Under-Secretary for  
Economic and Social Affairs  
United Nations  
New York 17, N.Y.

Dear Mr. Hill:

I wish to acknowledge receipt of your letter of June 3, 1960, to Mr. Black, with which you were kind enough to send to the Bank a copy of the text of the report of the Secretary-General on "Opportunities for International Cooperation on Behalf of Newly Independent Countries," as well as a draft for an addendum to that report to cover activities of the specialized agencies.

We have no comments on the draft addendum enclosed with your letter. We have already sent to Mr. Singer material relating to the Bank and IPC for inclusion in this addendum.

Sincerely yours,



Richard H. Demuth  
Director  
Technical Assistance and Planning Staff

RHD:ELH:em

June 8, 1960

Your Ref: EC 243/2 (1)

Mr. Martin Hill  
Deputy Under-Secretary for  
Economic and Social Affairs  
United Nations  
New York 17, N.Y.

Dear Mr. Hill:

Inter-Agency Cooperation on Economic Projections

I wish to refer to our letter dated May 31, 1960, informing you that the Bank will be glad to be represented at the Inter-Agency meeting on projections to be held in Geneva during the week commencing July 4.

Mr. Dragoslav Avramovic, of the Bank's Economic Staff, has been designated to attend this meeting and it would be appreciated if any papers pertaining to the meeting could be sent directly to him.

Sincerely yours,

Enrique Lopez-Herrarte  
Liaison Officer  
Technical Assistance and Planning Staff

cc: Mr. Avramovic

ELH:em

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3 June 1960

FILE NO.:

Dear Mr. Black,

The main body of the report of the Secretary-General on "Opportunities for International Cooperation on Behalf of Newly Independent Countries", which has only just been completed, will be appearing as a document for the Economic and Social Council in  
.... two or three days' time. I enclose herewith a copy of the text, paragraph four of which refers to the work of the specialized agencies and states that information concerning the agencies is summarized in an addendum in order that an over-all picture of the United Nations' responsibilities may be presented. A draft for that addendum, which is not yet complete because the contributions  
.... of some agencies have not yet been received, is also enclosed. I should be most grateful if you would let us have, as soon as possible, any comments on the draft addendum, as well as material relating to the Bank and the IFC that might be included. We shall have to submit the draft for reproduction at the end of next week (10 June) at the latest.

I regret very much that it has not been possible for us to send this material to you sooner.

Yours sincerely,

*Martin Hill*

Martin Hill

Mr. Eugene R. Black  
President, International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington 25, D.C.

*ack June 9*

ROUTING SLIP		Date <i>6/7/60</i>
NAME <i>Dr. Lopez-Herrarte</i>		ROOM NO. <i>506</i>

Action	Note and File
Appropriate Disposition	Note and Return
Approval	Prepare Reply
Comment	Per Our Conversation
Full Report	Recommendation
Information	Signature
Initial	To Handle

REMARKS

From

*Mr. Graves - Room 216*

### Introduction

1. Resolution 752 (XXIX) requested the Secretary-General, in preparing his report on opportunities for international co-operation on behalf of newly independent countries, to consult the executive heads of the specialized agencies concerned. Such consultations took place on the occasion of the meeting of the Administrative Committee on Co-ordination in Geneva on 27 and 28 April 1960. The information contained in this report is based on the results of these consultations and on communications received from the specialized agencies concerned. As was indicated in the Secretary-General's report,<sup>1/</sup> the report concentrates on the responsibility of the United Nations itself, while the information concerning the specialized agencies is summarized in the present addendum.

### Study of Needs

2. It is evident that the specialized agencies concerned have, during the past year or two, given special attention to the needs of newly independent countries, or new Member countries, or at any rate to those regions -- Africa generally or Tropical Africa specifically -- in which most of the newly independent countries are in fact located. Discussions have taken place in the various governmental organs of the agencies, leading in some cases to special financial action.<sup>2/</sup> At the Secretariat level, special studies have been made, special meetings have been held and contacts have been made in order to determine the nature of the problems involved, and the best ways in which international action on the part of the agencies could be brought to bear upon these problems. To illustrate, the United Nations Educational Scientific and Cultural Organization conducted an enquiry on the most urgent needs in the field of education during 1959 in 22 countries and territories of Tropical Africa and convened a conference of Ministers and Directors of Education of Tropical African countries in Addis Ababa in February 1960.<sup>3/</sup> The World Health Organization has had a regional

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<sup>1/</sup> E/3387, paragraph 4.

<sup>2/</sup> See below, paragraph 10.

<sup>3/</sup> The report of this conference has been published as document UNESCO/ED/174.

office for Africa since 1951 and has gained valuable experience through the enquiries, surveys and inspections carried out by this office. The International Atomic Energy Agency missions have already visited certain newly independent States and other territories which will shortly become independent; in April and May 1960 for example, the International Atomic Energy Agency mission visited, among other countries, the Ivory Coast and the Federation of Mali. In planning the visits of similar missions in 1961 the needs of newly independent States will be borne in mind by the International Atomic Energy Agency. The Food and Agriculture Organization established a regional office for Africa in 1958/59; two sub-regional offices, one for East and one for North Africa, will be created during the biennium 1960/61. This is in addition to the secondment of technical staff to the Joint Agriculture Division of the Economic Commission for Africa.

3. Without exception, the agencies have become aware of the need for linking their own specialized approach with those of the United Nations and of the other specialized agencies, so as to result in concerted action. For instance, the World Health Organization states that the development of long-term plans to meet the most pressing health problems of the newly independent countries must be linked with those aiming at the socio-economic development of the countries through the promotion of education and the development of agriculture, industry, transport, trade and the building of roads. The International Labour Organization points out -- and advises governments -- that training projects in newly independent countries should be integrated in the countries' economic and social development plans and programmes. Since managers, supervisors and workers are all complementary, training for any one group may be partly ineffectual unless a certain number of trained people in the other groups are also available.

#### Basic Needs and Priorities

4. There is no dispute that education, health and agriculture form fundamental problems in the newly independent countries. The United Nations Educational Scientific and Cultural Organization estimates that in Tropical Africa as a whole more than 17 million children of primary school age are not at school; to provide schooling for them would require the recruitment of over 350,000 teachers and a corresponding programme of construction of schools and teachers' housing. In order to bring the present ratio of secondary to primary

school enrolment to a level equivalent to 10 per cent only, it would be necessary to create enough secondary schools to enrol an additional 575,000 pupils. The World Health Organization points out that high prevalence of certain communicable diseases facing the newly independent countries in more or less the same degree, notably malaria, smallpox, leprosy, yaws, onchocerciasis and bilharziasis.

The International Labour Organisation points out the general need for training and for rural development. The Food and Agriculture Organization points out that agriculture in which the vast majority of the population of the newly independent countries are engaged must provide the basic structure for a development effort. The experience of the specialized agencies indicates the immensity of needs in spite of considerable progress achieved during the past 11 or 12 years in the countries which are now becoming newly independent.

5. Within the educational field, the Addis Ababa conference of the United Nations Educational Scientific and Cultural Organization considered that the present situation calls for a special effort on behalf of general technical and vocational education at the secondary level, for training the intermediary level administrative and technical personnel, and the semi-professional or skilled workers, all of whom are generally needed for launching and carrying out programmes of economic and social development. The conference also gave top priority to the training of teachers and of personnel for administering and servicing the educational system in general. The World Health Organization emphasizes, apart from the training of medical and para-medical staff, priorities in the field of environmental sanitation where the main needs of the African countries are felt to be in the areas of housing, water supply, and the health aspects of urbanization. The International Labour Organisation considers the top priorities to be in training and rural development. As far as training is concerned, priority is assigned to the establishment of integrated management development, specialist and supervisor training centres, training and productivity centres for industry and small industries service institutes. In rural development, priority is given to development of co-operatives, handicrafts and small scale industries.

#### Main Areas of International Assistance

6. It is clear from the advice received from the agencies that they have arrived, for their own respective areas of activity, at the same views as were expressed for the United Nations itself in document E/3387, namely to concentrate



international assistance on the development and effective maintenance of national services and institutions; on fact finding and determination of needs; and on training.

7. Concerning the maintenance and development of national services, the International Civil Aviation Organization points out that heretofore the metropolitan governments or their air lines have been responsible for the provision of air services and the supporting ground services and that the continuation of these air services will undoubtedly form a subject of discussion; in instances where arrangements for bilateral aid to continue these essential services are not available, it can be expected that international aid through the International Civil Aviation Organization will be needed. The United Nations Educational Scientific and Cultural Organization - as has already been mentioned - attributes high priority to the training of personnel for administering and servicing the educational system. The World Health Organization feels that an outstanding need on which assistance by the World Health Organization will have to concentrate is the development and reinforcement of basic health services with a view to securing integration of preventative and curative services and decentralization, so as to reach eventually the more peripheral elements of the population. The World Health Organization also hopes to supplement the experience of newly appointed administrators and through a programme of staff training to tie over difficulties which may arise from a loss of personnel provided by the former Administering Powers. The Food and Agriculture Organization refers to the danger that the withdrawal of expatriate personnel may cause difficulty in maintaining or strengthening services of the Departments of Agriculture, Fisheries and Forestry and also mentions the importance of efficient organization in developing research, experimentation and extension work. The International Labour Organisation emphasizes the importance of employment service organization, employment information, labour inspection, labour administration, etc., and considers the strengthening of institutions and services as the basic needs of countries which have recently attained, or will shortly attain, independence. The World Meteorological Organization has a principal concern to ensure that any meteorological and hydrometeorological services developed prior to independence are maintained and developed, since the services have been established with the aid of funds and scientists from outside the new State the supply of which may cease or be reduced.

8. The emphasis on fact finding and preliminary fact finding missions as a priority for international assistance is common to the agencies. The International Atomic Energy Agency points out that because of the relative newness of nuclear science techniques, it is necessary in each case to assess, in the light of prevailing conditions, whether it is desirable and practical to apply atomic energy in preference, or in addition to, more conventional methods. The missions organized by the International Atomic Energy Agency for this purpose will include newly independent countries; in March/April 1960 a study was made of the facilities available in a number of countries in Africa including the Belgian Congo. The International Labour Organisation also emphasizes the importance of an ~~accurate~~ accurate and continuing knowledge of manpower needs and resources. The Food and Agriculture Organization finds that many countries will need to undertake surveys and investigations in order to establish a national policy for agricultural development; the surveys mentioned include soil, water, nutrition, forestry, fisheries and agricultural education surveys. The United Nations Educational Scientific and Cultural Organization proposes to concentrate its efforts in 1961/1962 on surveys and studies designed to facilitate educational planning, and will undertake, in co-operation with the Economic Commission for Africa and the International Labour Organisation, a survey of the educational requirements of economic development in Africa.

9. Regarding training, the Food and Agriculture Organization stresses the importance of improvement of existing and the establishment of new agricultural schools and universities and of research and experimental stations which will need trained personnel. Correspondingly, assistance in training and education of technical personnel and the strengthening and establishment of research institutes and advisory services are considered among the priority tasks for Food and Agriculture Organization assistance. The United Nations Educational Scientific and Cultural Organization conference of Ministers and Directors of Education in Addis Ababa <sup>1/</sup> decided to give top priority, inter alia, to the training of teachers. Specifically, the United Nations Educational Scientific and Cultural Organization experts to give priority in the coming years to

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<sup>1/</sup> See above, paragraph 2.

technical and financial aid for establishing or strengthening national or regional centres for the training, or in-service training, of teaching staff in teacher training schools, and of secondary school teachers, particularly in the fields of science, mechanics and modern languages. The World Health Organization considers that the shortage of medical and para-medical staff is an outstanding problem which is expected to become more and more acute. The Organization therefore, through its fellowship programme, through direct technical aid, and through projects for the demonstration of services and the training of personnel, will endeavour to help the national health administrators to face problems arising from their deficiency in quality and quantity of staff. The International Atomic Energy Agency is studying the problems involved in establishing one or more regional radioisotope training centres in the Middle East and Africa. If it is decided that regional training arrangements should be made, they will be available to the newly emerging independent States in the region. The emphasis by the International Labour Organisation on complementary training projects has already been emphasized above.<sup>1/</sup> Because of the great diversity of training needs and the importance of integrating training projects into economic development plans or programmes, the International Labour Organization feels that there should be no question of standardized projects for implementation in a number of different countries. Each country's needs must be studied individually.

#### Financial Action

10. The World Health Organization has increased its regular budget expenditure in its African region<sup>2/</sup> from \$835,000 in 1959 to \$1,052,000 in 1960 and \$1,237,000 in 1961. Simultaneously, the World Health Organization activities from the Expanded Programme of Technical Assistance funds have been increased from \$679,000 in 1959 to \$764,000 in 1960. In addition, expenditure from the malaria eradication special account in the World Health Organization African

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<sup>1/</sup> See paragraph 3.

<sup>2/</sup> All Africa south of the 20 degree N. parallel of latitude to the western border of the Anglo-Egyptian Sudan, to its junction with the northern border of Belgian Congo, thence eastwards along the northern borders of Belgian Congo, thence eastwards along the northern borders of Uganda and Kenya to the Indian Ocean.

region has been increased from \$299,000 in 1959 to \$1,470,000 in 1960 and \$2,134,000 in 1961. The thirteenth World Health Assembly in May 1960 decided to add to the budgetary provisions for 1961 the amount of \$200,000 to finance additional assistance in programmes and services based upon requests from new member and associate members and newly independent or emerging States. The United Nations Educational Scientific and Cultural Organization's proposed education programme for Tropical Africa for 1961/1962 including the teaching of social and natural sciences provides for an amount of approximately \$300,000 under the regular budget of the Organization. The United Nations Educational Scientific and Cultural Organization's 1961/1962 Expanded Programme of Technical Assistance will receive \$1,130,000 for use in Tropical Africa. These funds are felt to be inadequate to cope with educational problems of the size and complexity faced in the region. The United Nations Educational Scientific and Cultural Organization hopes for an increase in funds available both from the Expanded Programme of Technical Assistance resources and through the United Nations Special Fund, which has recently decided to extend its activities in appropriate cases into the area of secondary education. The International Labour Organisation plans to increase its regular budget expenditure in countries and territories in Africa south of the Sahara from \$85,000 for 1961 to \$108,000 in 1962 and simultaneously expects to spend from the Expanded Programme of Technical Assistance resources \$353,000 in 1961 and \$385,000 in 1962. All these figures are greatly increased over those approved for 1960 but the International Labour Organisation feels it would be unrealistic to assume that the planned expenditure for 1961/1962 can provide assistance on the scale warranted by the circumstances and needs of the newly independent countries. The International Labour Organisation also feels that Special Fund projects in its fields of competence would also be technically justified in several cases. The regular programme for 1960/1961 of the Food and Agriculture Organization approved by the tenth session of the Food and Agriculture Organization conference places somewhat greater emphasis on Africa than before but does not find it possible, owing to financial limitations and the fact that there is no budgetary provision for technical assistance in the Food and Agriculture Organization's regular programme, to include any special provision concerning assistance to newly independent countries. The Food and Agriculture Organization planning targets for ~~1961~~<sup>1961</sup> and 1962 from the Expanded Programme of Technical Assistance funds in the African countries provide for some increase in

assistance to be rendered, but this target is felt by the Food and Agriculture Organization to fall far short of the objectives envisaged by the Economic and Social Council resolution. It is for this reason that the Food and Agriculture Organization contemplates negotiating with the countries concerned a well considered, rather large Category II programme which could be implemented immediately additional funds are forthcoming. The International Atomic Energy Agency draws attention to the fact that it seems unlikely that a special measure of assistance could be provided in 1961 to newly independent countries from its regular budget, as only member States are eligible for assistance from the agency's operational funds. In that year, therefore, the International Atomic Energy Agency expects to rely mainly upon the contingency funds of the Executive Chairman of the Technical Assistance Board for providing assistance.

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Thirtieth session  
Agenda item 4 (b)

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

OPPORTUNITIES FOR INTERNATIONAL CO-OPERATION ON  
BEHALF OF NEWLY INDEPENDENT COUNTRIES

Report of the Secretary-General

I. Introductory Remarks

1. The following report is presented in accordance with the request contained in resolution 752 (XXIX) of the Economic and Social Council. The Council's debate at the 29th session had been based upon observations submitted by the Secretary-General in document E/3338 entitled "Opportunities for International Co-operation on behalf of Former Trust Territories and Other Newly Independent States". The present report represents the development of the suggestions made in the above document and should be read in conjunction with it. Even since document E/3338 was drafted, the tempo of independence has been accelerated and the scope and urgency of the problems initially raised by the General Assembly under resolutions 1414 and 1415 (XIV) substantially increased.
2. The suggestions now presented are still formulated in general terms. A blueprint of individual projects of technical assistance through the United Nations would not correspond to the realities of a rapidly changing situation which obviously requires a high degree of flexibility in the programmes designed to meet it. Furthermore, the presentation of a programme in terms of individual projects, at this stage, would be premature and unrealistic in view of the discussions between the countries concerned and various Governments concerning bilateral aid which will no doubt be, in most cases, of crucial importance.
3. The Secretary-General has had the opportunity of ascertaining - in some cases in detail, in others in general terms - the views of most of the countries which have obtained or are to obtain independence this year concerning the aid for which they look to the United Nations. The Secretariat moreover has available, as a channel for information concerning the situation and requirements of individual African countries,

the staff of the Economic Commission for Africa in Addis Ababa; and the Secretary-General's collaborators and officials of the Technical Assistance Board have discussed on the spot specific projects for United Nations assistance in some of the newly independent countries.

4. The executive heads of the specialized agencies and the International Atomic Energy Agency have been consulted concerning the present report and several of them have submitted information concerning recent increases in budgetary appropriations in favour of newly independent countries or in favour of the areas in which countries achieving independence in 1960 are located, and concerning current and planned activities of their respective agencies, which complement and support those of the United Nations itself. In broad terms, the problem with which this report is concerned is a problem for the United Nations family as a whole; while the <sup>present document</sup> ~~report~~ will concentrate on the responsibilities of the United Nations itself, the information concerning the specialized agencies referred to is being summarized in an addendum in order that an over-all picture may be presented.

## II. Long-term Problems and the Problems of Transition to Independence

5. Relatively minor demands have been made in the past for United Nations assistance on behalf of territories which were not independent and whose welfare and development depended in large degree on the actions and assistance of an administering power. It is likely that after independence, assistance from the former metropolitan or administering powers will, in most cases, be continued or increased, and that bilateral aid from new sources will be forthcoming. Nevertheless, the new countries should in any event be given their due share of United Nations assistance. The three Trust Territories that have obtained or are to obtain independence in the immediate future, together with the Non-Self-Governing Territories which are now expected to achieve independence this year, have a population of between 60 and 70 million or close to 5 per cent of the total population of the under-developed areas to which technical assistance is rendered by the United Nations. Most of them moreover are at a relatively early stage of development, and their needs for assistance of a pre-investment nature are correspondingly great. In 1958 their combined share of the total expenditure

under the Expanded Programme of Technical Assistance and the United Nations' regular programme was only 0.5 per cent. As a result of action by the Technical Assistance Board (made possible in part by the increase in the current and prospective resources of the Expanded Programme of Technical Assistance but involving also some curtailment of programmes in other countries) their current share has been raised from the 1958 level to approximately 1.3 per cent in 1959 and 2.1 per cent in 1960. That share will need to be more than doubled and perhaps tripled if it is to be brought roughly into line with that of other Members of the United Nations at comparable stages of development.<sup>1/</sup>

6. This increase refers only to long range technical assistance for economic and social development. In addition, there are the special temporary and urgent problems of transition to independence with which resolutions 1414 and 1415 (XIV) of the General Assembly were concerned. These special problems of transition, likely to be encountered in some degree by most of the countries concerned, and the reasons why action of the United Nations family to help meet them is so important, were summarized in the Secretary-General's earlier report.<sup>2/</sup> In the following section, that picture will be filled out by reference to requests so far submitted and interests expressed by newly independent countries. The final section will discuss the additional funds required by the United Nations itself if it is to carry out its share of a modest international action designed to meet these emergency needs.

### III. Nature of required action

7. It is scarcely necessary to emphasize that the needs of newly independent countries vary enormously according to the state of development of these countries and the amount and kind of bilateral and non-United Nations multilateral assistance they are receiving or can expect. Furthermore, while it is vital - as the Secretary-General's earlier report emphasized - that technical assistance should be

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<sup>1/</sup> The Technical Assistance Board has indicated its awareness that the recent modest increase in the share of the "new" African countries in the Expanded Programme of Technical Assistance is inadequate and it has raised, for the countries of tropical Africa, the proportion of projects in category II (those whose implementation depends on additional funds being available) to those in category I (those whose implementation is definitely approved) from the customary figure of 50 per cent to 100 per cent. There is therefore likely to be a considerable reserve of soundly conceived technical assistance projects, capable of being implemented promptly in the event that additional resources are forthcoming.

<sup>2/</sup> E/3338



given promptly, the scope of the requests to be brought to the United Nations is largely unpredictable and can at best not be foreseen in any detail. However, certain trends are clearly discernible from requests received on behalf of eight newly independent or soon to be independent countries as well as from consultations held with leaders or representatives of these countries:

a) Many of the first requests for technical assistance have as their main purpose the identification of needs and of services that the international institutions might render most effectively. Some ~~XXXXXX~~ examples include "assessment of needs in public administration", "short-term general economic survey", "organization of statistical office" and "survey of transport requirements", "assessment of training requirements", "organization and planning of social services". Also among early requests there will, by present indications, be requests for mineral and cartographic surveys and <sup>assistance in such diverse fields as</sup> ~~and trade promotion, and technical assistance~~ low-cost housing, and town planning in connexion with new capital cities.

b) There is often a marked desire for consultation with outside persons of acknowledged authority and wide experience, on a wide variety of matters at the policy as well as the technical level, ranging from the consideration of financial requirements, including balance of payments problems, to problems of industrialization, and from problems of public administration to those of urbanisation and housing. Governments are seeking technical assistance from the United Nations and its related agencies that will help them to qualify for more far-reaching assistance from the Special Fund or the actual financing of development projects through the International Bank and other financial agencies. In the important matter of presenting carefully prepared projects at the right moment and in the right way, newly independent countries tend to be at a disadvantage insofar as they usually lack the necessary machinery and experience,<sup>3/</sup> and may have difficulty in providing immediately those guarantees of adequate management that are often sought as a condition of financial aid. Through OFEX and accelerated training

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<sup>3/</sup> The annual report of the Managing Director of the Special Fund for 1959 states that the relatively small number of projects allocated to Africa is due partly to the initial problems relating to the evolution of appropriate projects and the formulation of requests (SF/L.28, para. 23). The Governing Council of the Special Fund has authorized a "Preparatory Allocation" of \$250,000 to be used during 1960 to assist Governments, if they so desire, in the preparation of requests (ibid., para. 14).

programmes, the United Nations is trying to meet these problems; such assistance should play an increasing role in the future.

e) Interest has been expressed for assistance by the United Nations in recruitment from abroad of civil servants and technical personnel at all levels. The United Nations has already dealt, from time to time, with requests of that type. Such services might be placed on a regular basis in order to help new Governments. They will be particularly useful in the case of schemes of national or regional significance which lack of trained personnel rather than of finance prevents/being carried out. The United Nations would ascertain from the Governments the remuneration and conditions of service offered and endeavour to submit for consideration candidates with the necessary qualifications and willing to accept employment under the stated conditions. No new administrative organization would need to be created; the newly independent country - or conceivably the home country of the recruit, under a bilateral agreement with the newly independent country - would assume responsibility for salaries and other conditions. The United Nations would merely provide what it is often extremely difficult for a small and poor country to provide for itself, namely the means for recruiting experienced people from abroad.

If the principal countries, which are sources of trained personnel will co-operate by making available the machinery which they have already established to assist the United Nations to recruit experts and OPEX personnel, or by creating any new machinery that might be necessary, and if a considerable part of the task of recruitment can be undertaken on a group rather than an individual basis, the additional cost to the United Nations of such a scheme would be quite small.

Since resolution 200 (III) of the General Assembly authorizes the Secretary-General when requested to do so by Member countries to provide facilities designed to assist Governments to obtain technical personnel, equipment and supplies, and to arrange for the organization of such other services as may be appropriate in the promotion of economic development, no broadening of existing authorization is required in order to enable existing services to be extended in the manner proposed. The usefulness of the scheme will of course depend in no small measure on the co-operation of the specialized agencies in respect of requests relating to the many important categories of personnel coming within their purview.

The Secretary-General would not accept any such request without the express agreement of the agency concerned; he is in consultation with the executive heads of the specialized agencies with a view to reaching appropriate working arrangements in this regard.

d) There are clear indications that assistance of an operational and executive character (OPEX) will be of particular importance to the newly emerging countries. Much emphasis was placed in the Secretary-General's earlier report on the problem facing these countries because of the grave lack of trained personnel, especially in the technical services, and on their urgent need for help from external sources in running these services until local personnel acquire sufficient training and experience to take over. A separate report on the experimental OPEX programme will be submitted to the Council by the Secretary-General in document E/3370. As many as 54 requests for OPEX assistance, covering a wide variety of administrative fields, have been received to date from eight countries in Africa. Only one of the eight newly emerging states is included in this number. From the preliminary discussions which have already taken place, it appears highly probable that requests for substantial OPEX assistance will be received from the remaining "new" countries as soon as they are in a position to assess their needs and priorities.

e) As was to be expected, education and training are usually considered to hold the key not only to the material welfare of the newly independent countries but also to the very stability of new States. As regards education, reference may be made to the UNESCO section in the addendum to this report. International assistance will often exert its greatest leverage by training the instructors who in turn will train others. The conference of Ministers and Directors of Education of Tropical African Countries recently convened by UNESCO in Addis Ababa (February 1960) decided to give top priority to the training of teachers and the training of personnel for administering and servicing the educational system in general.

As regards those aspects of training with which the United Nations itself is closely concerned, the public administration training institutes in Ethiopia, Libya and the UAR (Egypt) are already making a significant contribution, and another has recently been established in the Sudan. The need for assistance of the same kind is likely to be felt at an early stage by the newly independent countries.

It is anticipated that training measures of other kinds also will play a particularly important role, emphasis being placed on (a) rapid training (b) in-service training (c) training at home. In a sense, all experts and advisers sent under the technical assistance programmes, as well as OPEX personnel, have a general duty, as requested and needed, to utilize any opportunity compatible with their

main assignment to train and instruct local personnel, or to assist in such training and instruction. Some of the training activities may, with advantage, lead to regional projects in which newly independent countries will be served together with other countries faced with similar problems, and on which, wherever possible, the facilities and staff of the ECA should be utilized.

#### IV. Expansion required in existing UN programmes

8. The Council's resolution 752 (XXIX) requested the Secretary-General to report on opportunities for international cooperation on behalf of former Trust Territories and other newly independent states.--

"(a) Under the regular assistance programmes, specifically those established by General Assembly resolutions 200 (III) of 4 December 1948 concerning technical assistance for economic development, 723 (VIII) of 23 October 1953 concerning technical assistance in public administration and 1256 (XIII) of 14 November 1958 concerning operational, executive and administrative personnel, and having regard to the possible need for the provision of additional funds in the United Nations regular budget for these purposes;

"(b) Under General Assembly resolution 418 (V) of 1 December 1950 regarding advisory social welfare services."

9. The needs and opportunities outlined in the section above fall squarely within the purview of General Assembly resolutions 200 (III), 723 (VIII) and 1256 (XIII). An increase in the funds available under these items is essential to meet the special needs of the transition to independence. How large the increase should be is difficult to determine, since for the reasons given, no programme covering these special needs can be laid down in advance. By way of indication, it may be noted that in the case of Libya, which attained independence at the end of 1951, the programmes of United Nations technical assistance undertaken totalled approximately \$650,000 in 1952 and \$775,000 in 1953. Bearing in mind that experience, and in the light of what is known of needs and probable requests on the one hand and the possibilities of United Nations action on the other, the Secretary-General feels that an increase of not less than two and a half million dollars a year for the next few years will be required for assistance of the United Nations itself in meeting the special transitional needs of the eight countries achieving independence in 1960.

10. This amount of \$2.5 million should in the first year be used for assistance under General Assembly resolutions 200 (III), 723 (VIII) and 1256 (XIII), for which the credits are at present 480,000 dollars, 300,000 dollars and 300,000 dollars respectively. The level of appropriations under resolution 200 (III) has remained unchanged over the past decade, in spite of a more than 100% increase in total United Nations assistance activity; those under resolution 723 (VIII) have likewise remained unchanged for the last four years, in the face of constantly and rapidly increasing United Nations responsibilities. A special note on the OPEX scheme is being submitted separately to the Council. The new resources made available would be subject to the same inter-governmental controls, standards and basic rules of operation as those available through EPTA.

← Additional funds would not be required in the first year under Assembly resolution 418 (V) for which the current level of credit is \$1,200,000. This level was reached when the General Assembly at its last session approved an increase of the programme by \$275,000 or 30% over the 1959 appropriation; in doing so, the General Assembly acted on a recommendation of the Council/which the needs of newly independent countries were specifically noted (resolution 731 G (XXVIII)). These additional resources will increasingly be used during 1961 and 1962 to strengthen social assistance in Africa. The distribution of funds between the various activities mentioned, including those covered by resolution 418 (V), as well as the total amounts required, would be reviewed for subsequent years in the light of experience.

11. The increases in the regular programme discussed above, if approved by the General Assembly, would affect the budget for 1961. But it is essential that increased assistance to the newly independent countries should begin immediately. One measure by which this could be achieved would be to increase the contingency authority of the Executive Chairman of TAB from its present level of 5 per cent of the total programme - amounting to \$1,650 million - to a level of  $7\frac{1}{2}$  per cent, or \$2,475 million, the increase to be particularly devoted to the special needs of newly independent countries. The increase in the Executive Chairman's contingency authority in 1960 would be a first charge against the resources for 1961, as under present procedures.

12. This recommendation - which has the full concurrence of the Executive Chairman of the Technical Assistance Board - is not lightly made. It is made in order to deal with a special problem and in the firm expectation of increased contributions to the Expanded Programme of Technical Assistance, in line with General Assembly resolutions 1382 (XIV) and 1383 A (XIV). As was pointed out earlier in this report, a sizable addition in the flow of contributions to the Expanded Programme would be required merely to enable the programme to incorporate the newly-independent countries at a normal level of activity, "while", in the words of resolution 752 (XXIX), "fully maintaining, or increasing, assistance given to other regions".

13. The Executive Chairman's contingency fund will be no less important after the current year, making it possible to deal with special problems in newly-independent countries more promptly and with more special consideration than would be possible under the biennial field programme procedure. It is hoped that from 1961 onward, the contingency authority can be kept at least at the level of  $7\frac{1}{2}$  per cent and if possible be brought up to a figure of 10 per cent, provided that increased contributions make possible a simultaneous expansion of the planned programme as well.

14. From these proposals it should be clear that, whereas a substantial increase in appropriations is made necessary by the emergence of a number of countries into independence, it is not suggested that a special programme for such countries be established. The criteria which have been developed over the years for granting of technical assistance would continue to be applied. These criteria would adequately cover the special transitional problems which may be encountered and with which this report is concerned.

ROUTING SLIP		Date
NAME		ROOM NO.
Mr Prasad		
Action	Note and File	
Appropriate Disposition	Note and Return	
Approval	Prepare Reply	
Comment	Per Our Conversation	
Full Report	Recommendation	
Information	Signature	
Initial	To Handle	

REMARKS

Please find attached my report on the recent session of the UN Commission. If you approve of it, we may have it stencilled and distributed to Messrs Knapp, Demuth and Ewmanz Advisors.

ok  
⑨

From

## OFFICE MEMORANDUM

TO: Files

DATE: June 2, 1960

FROM: Dragoslav Avramovic

SUBJECT: Eighth Session of the United Nations Commission on International Commodity Trade

1. The Eighth Session of the U.N. Commission on International Commodity Trade was held in New York between May 2 and May 17, 1960.<sup>1/</sup> I attended a part of the Session as the Bank's observer. The agenda of the Session included: (a) review of developments of international trade in primary commodities; (b) review of projections work in the field of primary products; (c) discussion of compensatory financial measures to offset fluctuations in export income of primary producing countries; (d) impact of fluctuations in economic activity in industrial countries on international commodity trade; (e) review of national measures to deal with fluctuations in primary commodity markets. Most of the discussion was centered around subjects under (a), (b) and (c) above. The topics under (d) and (e) were hardly touched.

### Current Commodity Situation

2. Considerable and fairly unanimous concern was expressed over the failure of the terms of trade of primary commodities to improve during 1959. The U.N. price indices suggest that the terms of trade for 1959 as a whole (88 with the base of 1953 = 100) were two points below the recession level in 1958, and that they only improved slightly in the second half of 1959 over the trough level reached in the first half of the year. I suspect that this sluggishness of the aggregate terms of trade in the face of industrial recovery and a considerable rise in prices of cyclically sensitive commodities (rubber, copper, zinc, tin, long-staple cotton, jute) is partly a result of the nature of the statistics.<sup>2/</sup> On the other hand, many primary products were still characterized by low or declining prices (e.g. coffee, cocoa, sugar, petroleum), and have tended to hold down the average level of primary export prices.

3. It was rather surprising that the problem of stabilizing the prices of primary products - which has invariably been the center of discussion at all earlier sessions - did not occupy most of the attention of the present session. Perhaps this was because the problem was not on the formal agenda of the Session; another reason may have been that the export earnings of primary producing countries rose in 1959 by about 5% owing to a substantial expansion in export volume despite the continuing low average prices. Thirdly, an increasing number of the less developed countries may be beginning to think that the short-run stabilization of primary prices may only solve a part of their economic

<sup>1/</sup> The Commission at present consists of representatives of the following countries: Argentina, Australia, Belgium, Brazil, Canada, Chile, Czechoslovakia, France, Greece, India, Indonesia, Pakistan, Sudan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, and Yugoslavia.

<sup>2/</sup> The U.N. index records actually realized unit values, which may lag considerably behind the market quotations.



problem and that the ultimate solution lies in raising the rate of capital formation. Whatever the explanation, the major emphasis of the discussion this time was placed on the need to diversify the production and export structure of low income countries, to accelerate their economic growth and to step up capital inflow. The report of the Commission, summarizing recent developments, contains the following concluding paragraph:

"The Commission felt, during the course of its discussion, that the problem of long-term imbalance between the demand for and the supply of primary commodities should be approached by action designed to increase their consumption and facilitate structural adjustments towards diversification in primary producing countries. This calls for continuing attention to the need for promoting economic growth and development, reducing impediments to the flow of international trade, and raising the levels of purchasing power throughout the world. It was recognized that, since total earnings from the export of primary commodities are, in general, inadequate to enable underdeveloped countries to procure the imports needed to help sustain a satisfactory rate of economic growth and development, these earnings must, in such circumstances, be supplemented by substantial external financing".

#### Compensatory Financing

4. The Commission discussed at length the problem of compensatory official financing to offset fluctuations in export earnings of primary producing countries. The discussion was a prelude to a thorough consideration of the same subject, to be undertaken by a group of experts who will be appointed by the Secretary-General in the second half of this year. This group of experts will "examine the feasibility of establishing machinery, within the framework of the United Nations, designed to assist in offsetting the effects of large fluctuations in commodity prices on balances of payments, with special reference to compensatory financing". The purpose of the discussion at the present session of the Commission was to suggest to the group of experts some of the major lines of inquiry which particular delegations had in mind.

5. The International Monetary Fund, which is directly involved in any discussion of compensatory financing, submitted its report to the Commission ("Fund Policies and Procedures in Relation to the Compensatory Financing of Commodity Fluctuations", March 30, 1960). The report argued that the present level of reserves and of drawing rights on the Fund were sufficient, on the average, to enable the primary producing countries to overcome temporary payments difficulties due to export fluctuations of the order experienced in the postwar period. It was further argued that the dominant problem before these countries was not so much to find the resources to offset the short-term fluctuations in their export proceeds, as to achieve a satisfactory long-term trend in their exports and to prevent spurts of inflationary pressure which would make import demand outrun foreign exchange resources, thus creating domestic balance of payments difficulties. The Fund report opposed any automatic formula which would determine the amount of assistance in cases of export declines. However, the Fund expressed its continued willingness to provide help to all countries which were taking appropriate steps to preserve internal financial stability and to maintain balance of payments in equilibrium, taking good years with bad.

6. Fund policies and the position taken in the report were exposed to a good deal of criticism, but the tone was fairly mild. Most of the critics from low-income countries argued that the Fund's Charter prevented it from being sufficiently "flexible", in the sense that rigid limits were imposed both on the amounts and the terms of compensatory finance. The sharpest criticism was that by Brazil; its representative argued that the Fund treated the developed and the underdeveloped countries equally, "despite the fact that the basic economic conditions in these two groups of countries were radically different".

7. The policies of the Fund will be examined further by the group of experts (see 3 above). Their terms of reference suggested by the Commission are to "consider whether the Fund could provide in all cases satisfactory mechanism for compensatory financing. Certain delegations held that machinery other than that provided by the Fund under its present policies and procedures would be needed to afford an adequate solution. Certain other delegations, however, expressed reservations as to the feasibility of mechanisms for compensatory financing beyond the scope of the Fund's activities" (Final Report of the Commission, III D).

8. The Fund has offered to cooperate, in a consultative capacity, in the work of the group of experts. It is useless to attempt to guess what the recommendations of the group of experts will be and what effect, if any, these recommendations may have. The Fund officials are confident that no change will be made in the existing machinery of compensatory finance. Some people at the U.N. envisage a recommendation urging the Fund to "liberalize" its treatment of low income countries. It is not known as yet what will be the composition of the group of experts. The names mentioned in the U.N. Secretariat include Prof. Edward Mason from Harvard University and R.F. Kahn, Cambridge, England.

9. Although no one mentioned that the Bank may be approached to cooperate with the group of experts, I would not entirely exclude this possibility. Several delegations raised the question of the relationship between compensatory borrowing and the aggregate indebtedness of low income countries, and the report of the Commission specifically directed the group of experts to address themselves to this problem in connection with the terms of repayments of compensatory loans.

#### Economic Projections

10. At one of its earlier sessions the Commission had requested the U.N. Secretariat to explore the feasibility of preparing medium-term projections of the supply of and the demand for primary products. As a first stage of this work, the Secretariat wrote a paper on the methodology of projections for non-agricultural commodities. In addition, the FAO submitted a short review of its projections work in the agricultural field. The discussion of these papers was fairly perfunctory, presumably because of their technical nature. As a next step, the Commission requested the U.N. Secretariat to undertake "pilot" studies for a few non-agricultural commodities. Dr. Mosak, Director, Division of General Economic Research and Policies, was very reluctant to undertake any fixed assignment; in conversation with me, he stated that the Division was not at present equipped for this kind of work and that they would proceed carefully and slowly.

11. The interest of the Commission in economic projections is in line with the increasing preoccupation of most international agencies with this branch of economic analysis. By maintaining steady contact with the appropriate people in these agencies we may benefit considerably from the work done elsewhere. I don't think this will relieve us entirely of responsibility for preparing our own analyses and arriving at our own judgments, but it will facilitate our efforts considerably. The assumption, of course, is that we also make our own studies available insofar as they are of a non-confidential character. In the course of the discussions in the Commission, Dr. Gerda Blau, Director of the FAO Commodities Division stated that there was excellent cooperation between the Bank and the FAO.

12. The Commission was informed that the U.N. Administrative Committee on Coordination has convened the second inter-agency meeting on economic projections to be held in July 1960.<sup>1/</sup> The provisional agenda contains a suggestion that the Bank representative illustrate the projection methods used in the studies prepared by the Bank staff. In addition to the techniques of commodity projections, another main topic at the meeting will be a review of methodology and of actual income projections for less developed countries.

cc: Mr. Rist  
Mr. Prasad

Dennis  
Adler  
Alber  
Gilmartin  
Hoffman  
Kamarski

Knapp  
Elitt

Larsen  
Lipkovich  
Meigel

<sup>1/</sup> The first meeting was held in September 1958.

*Lawson J.C. and A.C.*

May 31, 1960

Your Ref: EC 243/2 (1)

Mr. Martin Hill  
Deputy Under-Secretary for  
Economic and Social Affairs  
United Nations  
New York 17, N.Y.

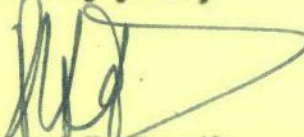
Dear Mr. Hill:

Inter-Agency Cooperation on Economic Projections

Thank you for your letter of May 6, addressed to Mr. Black, inviting the International Bank to be represented at the Inter-Agency meeting on projections to be held in Geneva during the week commencing July 4.

The Bank plans to be represented at this meeting but, unfortunately, we are not in a position at the present time to designate who our representative will be. If agreeable to you, I will let you have the name of our representative as soon as possible. In the meantime, we would appreciate it if any papers pertaining to the meeting were sent to Mr. Narayan Prasad, Assistant Director of the Bank's Economic Staff.

Sincerely yours,



Richard H. Demuth  
Director

Technical Assistance and Planning Staff

RHD:em

cc: Mr. Prasad

ROUTING SLIP		Date
NAME		ROOM NO.
<i>Mr. DeSmith,</i>		
	Action	Note and File
	Appropriate Disposition	Note and Return
	Approval	Prepare Reply
	Comment	Per Our Conversation
	Full Report	Recommendation
	Information	Signature
	Initial	To Handle
REMS	<p><i>We are very keen to be represented at this meeting. Could we, therefore, communicate at this stage our desire to do so &amp; say that we will let them know later who will represent us? Papers may be sent, if any, in the meanwhile to me.</i></p>	
From	<i>P. S. S. S.</i>	

ROUTING SLIP

Date

May 12

OFFICE OF THE PRESIDENT

NAME

ROOM NO.

~~Mr. Demuth~~ ~~506~~

~~Mr. Pesad~~

May

Action

Note and File

Approval

Note and Return

Comment

Prepare Reply

Full Report

Previous Papers


Information

Recommendation

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Remarks

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FILE NO.:

EC 243/2 (1)

6 May 1960

Dear Mr. Black,

Inter-Agency Co-operation on Economic Projections

In my letter of 14 January I referred to the work on long-term economic projections being undertaken in the light of resolution 741 (XXVIII) of the Economic and Social Council and resolution 1428 (XIV) of the General Assembly, and to the report which is to be presented to the thirtieth session of the Economic and Social Council.

A number of other inter-governmental organs are also currently concerned with the question of projections. Both the Food and Agriculture Organization and the United Nations have, for example, submitted documents to the eighth session of the Commission on International Commodity Trade in connexion with the agenda item "Report on the study of prospective production of and demand for primary commodities". It will also be noted that, at its January 1960 session, the ACC Sub-Committee on Commodity Problems recommended that a further inter-agency meeting on projections should be held in Geneva during the week commencing 4 July 1960. This recommendation has been approved by the ACC and, acting on behalf of the Secretary-General, I now have pleasure in inviting your organization to be represented at the meeting in question.

..... After consultation with FAO, it was felt desirable to review at the same meeting all aspects of the work on economic projections, dealing first with general assumptions such as those on population growth and national income and then with the application to commodity problems. The attached draft agenda has been prepared on that basis.

*to Mr. Prasad, May 31, 2:17*

In the light of the terms of the various United Nations resolutions on general economic projections, the meeting as a whole is being sponsored by the United Nations itself, but the FAO is co-sponsoring with respect to agricultural commodity projections. On this basis, appropriate arrangements will also be made for sharing the secretariat responsibilities.

Mr. Eugene Black  
President  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington 25, D.C.

*cell May 31*



- 2 -

We trust that you will find it possible to be represented at the forthcoming meeting. It would be appreciated if you would, as early as convenient, arrange to have forwarded to Mr. Judd, Chief of the International Trade Relations Section, any comments on the enclosed draft agenda as well as advice as to the names of your representatives to the meeting.

Yours sincerely,

A handwritten signature in cursive script that reads "Martin Hill".

Martin Hill  
Deputy Under-Secretary  
for Economic and Social Affairs



E. S. C. <sup>Agreement UN</sup>

UNITED NATIONS  NATIONS UNIES  
NEW YORK

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FILE NO.:

**EC 121(12)**

5 May 1960

Dear Mr. Black,

I write on behalf of the Secretary-General to confirm that we are looking forward to receiving from the International Bank for Reconstruction and Development, as agreed at the ACC last week, a brief contribution to his forthcoming report to the Economic and Social Council on opportunities for international cooperation on behalf of the former Trust Territories and other newly independent states.

The character of the report and of the contributions desired from Specialized Agencies was discussed subsequent to the ACC's meeting by the Preparatory Committee and we are in direct contact with Mr. Lopez-Herrarte on the matter.

Yours sincerely,

*Martin Hill*

Martin Hill  
Deputy Under-Secretary for  
Economic and Social Affairs

Mr. Eugene R. Black  
President  
International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington 25, D.C.



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NEW YORK

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FILE NO.:

EC 121 (12)

21 April 1960

Dear Enrique,

Further to my letter of 15 April, I just want to drop you a line to say that the letter from Mr. de Seynes to Mr. Demuth will not be sent after all. In view of the meeting of ACC, where all these matters can be directly taken up at high level, it seemed better to leave it at that. I do hope, however, that the brief informal notes that we had arranged will not be interrupted by this change in procedure. I am particularly keen to know the constitutional position concerning technical assistance in the interval between formal independence and membership, and the actual arrangements that have, or are being made, in the case of the seven African countries which are becoming independent in 1960.

With many regards  
Yours sincerely,

A handwritten signature in cursive script, appearing to read "H.W. Singer".

H.W. Singer

Mr. Enrique Lopez-Herrarte  
The International Bank for Reconstruction and Development  
Washington 25, D.C.



UNITED NATIONS



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FILE NO.:

ED 121 (12)

15 April 1960

Dear Enrique,

.....  
Just a line to let you know that the formal letter which you asked for is now on its way, so I hope that all is now set for the study. I herewith enclose a copy of the resolution as it was passed by the Economic and Social Council. Mr. de Seynes is sending a copy of this resolution to Mr. Demuth.

I need hardly say that this matter is considered to be of great importance by us here. The Secretary-General himself introduced the discussion in ECOSOC on this matter to emphasize his great interest. The resolution was unanimous. Please do not hesitate to give me a ring to clear up any matters which might not be quite clear now.

Let me repeat that we are particularly anxious to understand what in the view of the Bank are the specific problems of newly independent countries and what specific facilities the Bank offers in dealing with them.

With many regards  
Yours sincerely,

*Hans*  
H.W. Singer

Mr. Enrique Lopez-Herrarte  
The International Bank for Reconstruction and Development  
1818 H Street N.W.,  
Washington 25, D.C.

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SOCIAL COUNCIL



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E/L.864  
13 April 1960

ORIGINAL: ENGLISH

Twenty-ninth session  
Agenda item 10

STUDY OF OPPORTUNITIES FOR INTERNATIONAL CO-OPERATION ON  
BEHALF OF FORMER TRUST TERRITORIES WHICH HAVE BECOME  
INDEPENDENT

Netherlands, New Zealand, Sudan and United States of America:  
draft resolution

The Economic and Social Council,

Having considered General Assembly resolution 1414 (XIV) calling for a "Study of Opportunities for International Co-operation on Behalf of the Former Trust Territories Which Have Become Independent", together with General Assembly resolution 1415 (XIV) regarding "Assistance to Territories Emerging From a Trust Status and to Newly Independent States",

Recognizing that there is an urgent need for international assistance to strengthen the newly found independence of these countries by sound economic growth and social progress,

Having considered the note submitted by the Secretary-General on "opportunities for international co-operation on behalf of former Trust Territories and other newly independent States" (E/3338),

1. Takes note with appreciation of the Secretary-General's observations which form a valuable basis for further consideration of the problem;
2. Believes that special efforts need to be made in support of the newly emerging States of Africa and elsewhere to provide without delay effective assistance within the framework of existing programmes of the United Nations and through the specialized agencies;

Noting the desire of the Economic Commission for Africa, as expressed in its resolution 10 (II), to co-operate with the Secretary-General and the Economic and Social Council in this matter, in view of its terms of reference and of the advantages inherent in the fact that it is situated in the African continent.

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in accordance with General Assembly resolutions 1382 (XIV), paragraph 5, and 1383 (XIV), paragraph 5 (b),

3. Expresses the hope that additional funds will be made available to the Expanded Technical Assistance Programme and the Special Fund in 1961 and following years to permit a substantial increase in the activities of these programmes in Africa, at the request for former Trust Territories and other newly independent States, while fully maintaining, or as appropriate increasing, assistance given to other regions under these programmes;

4. Requests the Secretary-General, bearing in mind existing bilateral and multilateral aid programmes, to present to the thirtieth session of the Council a report based on a further and more specific examination of the opportunities for international co-operation on behalf of former Trust Territories and other newly independent States including opportunities offered;

(a) under the regular assistance programmes, specifically those established by General Assembly resolution 20 (III) "Technical Assistance for Economic Development", 723 (VIII) "Technical Assistance in Public Administration", and 1256 (XIII) "Operational Executive and Administrative Personnel", and the possible need for the provision of additional funds in the United Nations regular budget for these purposes; and

(b) under General Assembly resolution 418 (V) on Advisory Social Welfare Services;

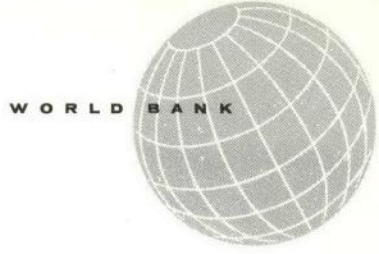
5. Further requests the Secretary-General, in preparing the above-mentioned report, to consult the Governments of countries which were formerly under trusteeship and which have become independent as suggested in General Assembly resolution 1414 (XIV); the executive heads of the specialized agencies as contemplated under resolution 1415 (XIV) and as he has indicated to the twenty-ninth session of ECOSOC; and, as appropriate, such other international governmental and non-governmental organizations as may be competent to make a contribution to the study;

6. Decides to consider the report of the Secretary-General at the thirtieth session of the Council with a view to further action and the submission of its report to the fifteenth session of the General Assembly.



*Econ. & Soc. Council*

**FOR IMMEDIATE RELEASE**



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N.W., WASHINGTON 25, D. C. TELEPHONE: EXECUTIVE 3-6360

Address by Eugene R. Black, President of the  
International Bank for Reconstruction and Development  
before the 29th Session of the Economic and Social Council of the  
United Nations, meeting at U.N. Headquarters, New York City

TO BE HELD FOR RELEASE UNTIL DELIVERY HAS BEGUN, EXPECTED  
TO BE ABOUT 10:30 A.M. THURSDAY, APRIL 7, 1960

Mr. Chairman, Members of the Council:

This is the eleventh annual occasion on which I have had the pleasure of making a report to the Economic and Social Council of the United Nations. I always welcome this opportunity. The growth of the Bank's activities, both in magnitude and scope, makes the story constantly new and interesting, at least to me. In fact, it is difficult, within any reasonable length of time, to give you a full picture of the Bank's work over the past twelve months. I shall try, therefore, to pick out the principal events. They include a continued very high rate of new lending for development; increasing contributions to the Bank's resources by countries outside the United States; a large increase in the Bank's own capital; moves toward the establishment of a new development financing institution, the International Development Association, which it is proposed should be administered by the Bank; and further growth in the technical assistance work of the Bank, particularly in relation to the United Nations Special Fund. I shall also give you a brief account of the year's operations of the International Finance Corporation.

The first thing I must mention is a continuance of the very high level of lending which I have noted in my reports to the Council for the past two years. You will remember that there was a sharp rise in our rate of new lending in fiscal 1957-58, when it reached more than \$700 million, compared with an average rate of \$400 million for the previous three years. Fiscal 1958-59 once again saw new lending of over \$700 million, and already in the first three-quarters of this fiscal year we have made new loan commitments totaling \$560 million.

In the length of time at my disposal, I cannot go into detail about our loans in all the regions of the world. Perhaps the best way to give you a picture of the broad range of the Bank's activities is to describe what we have done in one area of the world during the past year. Let me use Africa as an illustration.

Since last April the Bank has made nine loans in Africa totaling over \$260 million. Two of these involved the mining and transportation of manganese deposits in the Gabon Republic and of iron ore in Mauritania; a third financed the construction of a pipeline to bring Sahara oil 400 miles across the desert to the Mediterranean. The sales of metallic ores and of oil will provide important new foreign exchange revenues for the countries concerned, and there are also significant indirect benefits to be realized. The Gabon manganese project, for example, calls for the building of a 180-mile railroad through the Congo Republic; this will open up hitherto inaccessible timber resources within that country. The new Sahara oil discoveries will provide a base for industrial development in the area, particularly for the chemical industry and, it has been estimated, should enable the French franc area as a whole to earn or save the equivalent of some \$200 million to \$250 million annually in foreign exchange.

Two of our African loans were for transport improvements: a loan of \$56.5 million to the Suez Canal Authority for the widening and deepening of the Canal, to enable it to accommodate the larger ships seeking transit, and another loan for the railway expansion program of the Union of South Africa.

And only a week ago the Bank approved four more loans in Africa, totaling the equivalent of \$46 million. Three of these loans were in the Belgian Congo and brought the total of our lending for the development of that territory to \$150 million. It is I think worthy of note that the Belgian Government gave its guarantee to these Congo loans despite the fact that the Congo is becoming independent during 1960. This action should not pass unnoticed. It can be regarded both as an act of faith and as realistic evidence of Belgium's continuing interest in the Congo.

Another interesting feature was that the loans to the Congo included one for African agriculture; this was also the objective of another loan of \$5.6 million, which will assist African agriculture in Southern Rhodesia. Hitherto, Bank lending in Africa has been concerned with infra-structure; power, railways, highways and so on. While these basic investments provide very real benefits to the peoples of the borrowing countries, those benefits are admittedly indirect. The agricultural loans to the Congo and to Southern Rhodesia will produce direct benefits.

African agriculture is as varied as the Continent itself, ranging from large plantations efficiently run on modern lines to the shifting and haphazard cultivation which barely provides a means of existence. Much of the cultivation is still based on traditional methods which have not changed in the memory of man. But forces are working to change the old ways. In some areas, for example, population growth has made it impossible to continue

the system based on the shifting cultivation of plots which are worked until they are exhausted and then abandoned. In such areas the solution may be to settle Africans on farms they can call their own and help them to buy tools and follow farm practices which maintain soil fertility. In other cases the movement of cattle must be restricted to prevent overgrazing, substandard animals culled and disease control enforced. The Bank is helping with these problems and we hope to be able to make other "grass roots" loans designed to have a direct effect in improving the productivity of the small and medium-sized African producers.

At the same time, we hope, too, to be able to move ahead with a number of the larger and more basic African projects, some of which are of such size and importance that they could completely transform important sectors of the economy. I have in mind, for example, the Roseires Dam and Managil extension projects in the Sudan, designed to bring large desert areas under irrigation. Then there is the case of Ghana, where the Government has asked us to join with them in studying the proposed Volta River project for the construction of a large hydroelectric station and aluminum smelter. The problems of African economic development, like those of other areas, must be attacked from both directions simultaneously: from below, at the level of the individual, whose lot may be immediately improved in some small measure, and from above, through basic development projects of some magnitude, whose benefits will ultimately be widely felt throughout the whole economy.

In addition to our loan operations, we have in the past year sent general survey missions to review the economic problems and appraise the economic potential of two African countries. The report of the Bank's mission to Libya is just about complete and has already been informally

discussed with the government; that of the mission to Tanganyika is in the final drafting stage. There is every evidence that the governments of both countries are prepared to give serious consideration to the recommendations of our missions. In each case, the recommendations are being presented at a critical time: for Libya because of the new oil discoveries, and for Tanganyika because of the approach of self-governing status. A general survey mission to Uganda is now being organized, and is expected to go out to Uganda in the fall.

African countries were recipients of still other kinds of technical assistance from the Bank. For the first time, a resident representative was stationed in an African country: Ethiopia. Bank experts advised on the proposed establishment of several African development banks, and found managerial and technical personnel for an existing bank. And through the Bank's Economic Development Institute, officials concerned with development programming in six African countries were, in the past year, given the opportunity to exchange experience and views with their counterparts elsewhere in the world.

I have dwelt at some length on our loans in Africa because these are comparatively new developments and therefore worthy of special notice. The other regions of the world have also, of course, seen important operations. Asia and the Middle East have now held first place in Bank lending for the past three years, with India as the largest borrower. Iran has also become an important borrower from the Bank, having received very large loans for road development and for the Dez multipurpose project in the past twelve months.

Bank lending in Latin America has also continued at a steady rate and has once again been devoted mainly to investment in electric power and the

improvement of transport.

We have also continued to carry out important operations in the less developed areas of Europe. It is already clear, however, that access to other sources of finance, particularly the private investment market, is going to reduce European demands for our assistance.

On that note, I should like now to turn to the steps taken to ensure that the Bank's lending resources will be equal to the continued heavy demand for development finance from our member countries. As you know, one event of great importance in this direction was the increase in the Bank's authorized capital from \$10 billion to \$21 billion in September 1959. By the end of 1959 subscribed capital was more than \$18.5 billion, compared with \$9.5 billion a year before. The great majority of the increased subscriptions of member countries was not paid in, but remained on call if required to meet the Bank's obligations. In other words, it constituted a massive reinforcement of the Bank's borrowing power in the investment markets of the world. Investors everywhere can now buy Bank bonds in the knowledge that they are backed by the guarantees of its member governments to the tune of more than the equivalent of \$16 billion.

As it happens, conditions in the world bond markets have not been very easy in the past year; indeed, in the United States market they have been the worst for thirty years. As a result, the Bank did not go to the U.S. market with any new issue in 1959, but waited until February of this year before selling an issue of \$125 million of 5% Bonds. On the other hand, we made successful approaches to several markets outside the United States, including our first public offering of Deutsche Mark bonds in Germany and of Belgian franc bonds in Belgium. We also sold new issues in Switzerland and on the London market. There is plenty of evidence that the market for

the Bank's bonds is widening, not only in the sense that new buyers are coming in all the time -- the last issue in the United States, for example, attracted 70 new institutional investors who together purchased \$25 million worth of bonds -- but also in the increasing financial support for the Bank in its other member countries.

It was inevitable that the United States should have provided most of the Bank's resources in the immediate post-war period, but this phase has now definitely come to an end. More than half the Bank's funded debt is now held by investors outside the United States, and if one takes all the Bank's resources, including funds from capital subscriptions, from sales of loans, and so on, more than 60% of the total comes from outside the United States. Indeed, the Bank's largest source of funds for the past two years has been the Federal Republic of Germany. I take great encouragement from the increased ability and readiness of the industrial countries other than the United States to provide greater funds for development purposes to and through the Bank, first because it testifies to the dramatic recovery of the Bank's European member countries from the ravages of war; and secondly because it shows their readiness to use the Bank as a channel through which their available funds can flow to the less developed countries.

While I am on the subject of financial recovery in the Bank's member countries, I should like to mention other important developments which indicate a return to healthy conditions in the countries concerned, and also to the financing of development by private investment. As you all know, one of the purposes for which the Bank was established was to encourage private investment in development financing, and the Bank consistently keeps this objective in view in all its operations.

One strong discouragement to private investment in the immediate post-war period was the widespread existence of defaults by governments on their external obligations. The last 14 years have seen a remarkable change in this situation in the Bank's member countries. In January 1946, a few months before the Bank started business, eight of the countries of Europe were in default on their publicly issued bonds. Today, apart from one or two special cases involving relatively small amounts, there is only one European member country still in default. Similarly, in 1946, eleven Latin American members were in default; today there is only one small dispute outstanding. In Asia, three member countries were in default; now there is only one, and it must be reckoned as a quite special case.

The improvement in this situation has, of course, been accompanied by a return to the bond market of many countries which were accustomed to find their development finance in that market before the war. In the past fourteen years, no less than \$3 billion of foreign bonds have been sold, foreign bonds being defined as bonds sold in the market of some other country. This figure excludes Canada and also excludes bonds of dependent territories sold in the metropolitan country, but includes the publicly issued bonds of 23 different countries. The 23 countries that have sold bonds have sold them in six markets, in Germany, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States. To this extent, therefore, the borrowing countries have been able to re-establish their credit with private investors. Nor has foreign borrowing through the issue of bonds been confined to governments. The figures show that private companies from twelve different countries have been able to sell \$300 million worth of bonds in investment markets outside their own countries.



This return to classical methods of development financing is a healthy sign. The Bank has been able to play a part in the process, partly because its own record has shown that its borrowing countries do not default on their external obligations, and partly because the Bank has taken every opportunity to help its member countries return to the private investment markets for finance. The last Annual Report of the Bank noted that in fiscal 1958-59 the Bank was able to participate in five joint operations with private investors in the United States market. The fact that the Bank was making a loan was undoubtedly an encouragement to private investors to buy the borrower's bonds. In those joint operations the total amount raised was \$250 million: Bank loans contributed \$100 million, \$130 million came from the market and the European Investment Bank lent the equivalent of \$20 million.

Equally encouraging has been the progress made to mobilize additional capital resources for developmental investment through the proposed International Development Association, or IDA as it, or perhaps I should say she, has already come to be called. As you will no doubt have observed, this new concept has already been endowed with many feminine characteristics. German financial writers have been particularly imaginative, one comparing IDA to Aphrodite, and another picturing her as a lady of easy virtue drawing on herself the pained disapproval of the spinsterish World Bank. There is, of course, some basis for this, because IDA's services will be available on easier terms than those of her elder sister and IDA will have, I hope, the feminine virtues of sympathetic understanding and helpfulness. Nonetheless, she will also, I trust, prove herself a conscientious manager with a sharp eye to quality in investing the funds entrusted to her care. I have said on a previous occasion that, while IDA will make soft loans in the sense that they will not bear heavily on the

borrower's balance of payments, it will not be a soft lender. While IDA will finance a broader range of projects than the Bank, we do not intend to lower the standards against which we measure the intrinsic merits of the projects we finance and the soundness of the plans for carrying them out. Nor do we intend to lower our sights with respect to the kind of domestic performance by our member governments which we regard as essential to qualify them for assistance.

I hope and expect that IDA will come into existence some time during the fall of this year. That it will be able to play a useful role is, I think, beyond question. There are a number of countries too poor to finance a satisfactory rate of development on conventional loan terms. And there are a number of others the very vigor of whose development effort has given them an absorptive capacity for external capital greater than their ability to service fixed foreign debt on conventional terms. It is a striking fact that, during the three years 1956-1958, the public external debt of the Bank's member countries in Asia, the Middle East and Africa almost doubled. India and the United Arab Republic, which had very little external public debt at the end of 1955, were major debtors on public account three years later. In Latin America, too, public external debt increased by about 40%. Indeed, by the end of 1958, both groups of countries -- Latin America, on the one hand, and Asia, the Middle East and Africa, on the other -- had outstanding public debt of about \$5 billion, and further expansion has since occurred.

I mention these figures, not because I regard the present level of indebtedness as excessive, but because they indicate that to maintain and accelerate the momentum of development will require continued large injections of foreign capital for many years ahead. If, over that period, we

are to avoid putting an unduly high fixed-debt burden on many of the developing nations, we must extend our assistance to them on terms which alleviate, so far as possible, the burden on their balance of payments.

I am aware, of course, of the school of thought which tends to belittle IDA, even before it has begun operations, on the ground that the funds at its disposal are too small to make any sizeable impact on the problem. It is true that IDA's initial resources are modest, but the Articles of Agreement contemplate consideration of an increase in those resources when its member countries agree that this is necessary. There are, after all, advantages in not starting on too large a scale. Emphasis on huge global investment targets can be both misleading and disillusioning. What matters is not only the quantity of investment but its quality, not only the amounts of money which can be postulated as desirable, but also the amounts which can be effectively absorbed in worthwhile and well-thought-out development activities.

Let me cite the African case again as an illustration. The basic requirement for the faster development of the new nations in that Continent, I am convinced, is more education and training at all levels -- a more generally literate working force, more skilled artisans, more members of the learned professions, more entrepreneurs, more experienced government administrators. Until the human resources of the new African nations are more fully developed -- and no huge injection of money can greatly accelerate that process -- the opportunities for the wise and effective utilization of foreign investment will necessarily remain limited. And what is true of Africa is true of many of the other less developed nations as well.

IDA is not, of course, the only new international financial institution now coming into being. Only a few weeks ago, the Inter-American Bank held

its organizational meeting, and we look forward to co-operating with it in assisting the growth of the economies of Latin America. Last month also there was an important series of meetings in Washington at which the principal capital-exporting countries of the world, meeting under the name of the Development Assistance Group, discussed ways of co-ordinating their development assistance activities, increasing the flow of capital into the less developed areas, and assuring increasingly effective use of that capital. The Bank welcomes this development and has expressed its willingness to be of whatever assistance it can be to the Group.

I want to say a special word about the constructive relationship which the Bank has established with the United Nations Special Fund. The many meritorious projects which have been flowing into the Special Fund demonstrate, if proof be needed, the validity of its underlying concept. The surveys and training institutions which the Special Fund has agreed to finance should put the developing nations in a far better position than before to plan and carry out their development and a number of the surveys will, I feel sure, lead in time to Bank investment.

But let me add a word of caution. It is one thing to be clear that a survey or a training institution is needed; it is quite another to organize and then to staff and administer such a project. The Bank's own experience as Executing Agent, or prospective Executing Agent, for six Special Fund projects has brought home to us forcefully that analysis and approval of requests for financing made to the Special Fund are only the first small step. The effective administration of the projects approved requires a major expenditure of time and effort, the study and solution of numerous delicate, difficult and often novel problems, and close supervision over all aspects of the projects as they go forward. These are not tasks that can be

undertaken casually or by inexperienced hands; on their successful accomplishment depends the very success of the Special Fund itself.

Significant developments have occurred in the last few months in another important matter. Almost eight years ago I reported to this Council that the Bank had taken an initiative in seeking a solution of the Indus Waters dispute between India and Pakistan. I referred to this dispute as a "knotty" problem. This phrase turned out to be an understatement; the Bank has, in fact, been engaged in studies and discussions of the problem with the two governments ever since. Now, however, I think we are near the end of this process. The solution which the two Governments have accepted in principle includes vast engineering works to effect an equitable division of the river waters. The plan will take ten years to carry out, and will cost in all about \$1 billion. It has been clear from the outset that external assistance would be needed on a considerable scale to help to finance this plan. The Bank was therefore glad to be able to announce at the beginning of February that offers had been made by friendly governments to contribute over \$600 million, in grants and loans, toward the cost of the project. The Governments concerned are Australia, Canada, Germany, New Zealand, the United Kingdom and the United States, and the highest tribute should be paid to their generosity.

I also want to pay tribute to the man who has carried the burden of this difficult negotiation for the past eight years. He is my colleague, Mr. W. A. B. Iliff, a Vice President of the Bank. Throughout the negotiation, he has shown great understanding, patience and restraint, and I cannot praise his services too highly.

As Chairman of the International Finance Corporation, I am happy to be able to tell you that the slow and careful work of organizing that institution is now resulting in a growing number of promising investments in private industrial enterprises. Since last year the total number of commitments has nearly doubled; from 14 to 27. The net amount committed has increased from about \$13 million to over \$20 million. The number of countries in which IFC projects operate has increased in nearly the same proportion.

As noted in the Corporation's Third Annual Report, each dollar of IFC investment has been accompanied by more than \$3.50 of private capital. It seems clear that the Corporation is carrying out its basic function, that of attracting local and foreign private capital into productive private enterprise.

Argentina and Spain have now joined IFC, bringing the membership to 59 countries. IFC representatives are already studying several projects in Argentina, and some of these look promising. The United Arab Republic has succeeded to the membership formerly held by Egypt.

During the past year members of IFC's management and staff have visited some 30 countries, either to investigate specific proposals, or to explain IFC's policies and operations to private businessmen and investors. Such personal contacts have in the past proved an effective means of stimulating interest and action on the part of private capital in the countries visited.

Public knowledge of the investments which IFC has made and the continuing information program about the Corporation's activities will, I am sure, result in a continually increasing number of private investments among the developing nations of the free world.

As I said in my opening remarks, Mr. Chairman, there is a great deal to report and I have had to confine myself to the highlights in this statement. Let me only add that, although the problems of economic development with which the Bank is seeking to grapple remain immense, there are highly encouraging signs that the nature, magnitude and importance of those problems are coming to be more generally understood and are being attacked by both the less and more developed countries alike with constantly greater vigor. In my judgment, no task is more vital to our well-being than accelerating the pace of development. To the achievement of that task I pledge to this Council again, as I have before, the full energies of the Directors, management and staff of the Bank.

Mr. Black

March 16, 1960

George R. Young

1960 ECOSOC Speech

Attached is a draft for ECOSOC. This draft incorporates suggestions made by Mr. Graves, as well as passages written by Mr. Demuth. I shall, of course, clear the draft with everyone concerned in the next week or so, and I should be glad to hear of any changes you wish to make.

Attachment

GRY/js



March 16, 1960

1960 ADDRESS TO ECOSOC IN NEW YORK, APRIL 7, 1960

This is the eleventh annual occasion on which I have had the pleasure of making a report to the Economic and Social Council of the United Nations. This annual repetition for so many years must inevitably suggest that monotony will take over, but the rapidity and the magnitude of the changes taking place each year in the field of economic development have, I believe, made this unlikely; there is never any lack of important material. Indeed, the difficulty each year is how to cover all important matters adequately in any reasonable length of time. The same is true of the past twelve months, which have seen a further growth in both the size and the variety of the Bank's work.

In the brief survey which I wish to present to you today, I shall try to pick out the principal events, including a continued very high rate of new lending for development; increasing contributions to the Bank's resources by countries outside the United States; a large increase in the Bank's own capital; moves toward the establishment of a new development financing institution, the International Development Association, which it is proposed should be administered by the Bank; further growth in the technical assistance work of the Bank, particularly in relation to the United Nations Special Fund; and an account of the year's operations of the International Finance Corporation.

The first thing I must mention is a continuance of the very high level of lending which I have noted in my reports to the Council for the past two years. You will remember that there was a sharp rise in our rate of new lending in fiscal 1957-58, when it reached more than \$700 million, compared with an average rate of \$400 million for the previous three years. Fiscal

1958-59 once again saw new lending of over \$700 million, and already in the first three-quarters of this fiscal year we have signed new loan commitments totaling \$555 million.

In the length of time at my disposal, I do not propose to go into detail on our lending in all the regions of the world. Asia and the Middle East have now held first place in Bank lending for the past three years, with India as the largest borrower. Iran has also become an important borrower from the Bank, having received very large loans for road development and for the Dez multipurpose project in the past twelve months.

Bank lending in Latin America has also continued at a steady rate and has once again been devoted mainly to investment in electric power and the improvement of transport.

In Europe also we have continued to carry out important operations, affecting the less developed areas there. It is already clear, however, that access to other sources of finance, particularly the private investment market, is going to reduce European demands for our assistance.

Perhaps the best way to give you a picture of the broad range of the Bank's activities is to describe what we have done in one area of the world during the past year. Let me use Africa as an illustration.

Since last April the Bank has made eight loans in Africa totaling almost \$260 million. Two of these financed the mining and transportation of manganese deposits in the Gabon Republic and of iron ore in Mauretania; a third financed the construction of a pipeline to bring Sahara oil 400 miles across the desert to the Mediterranean. The sales of metallic ores and of oil will provide important new foreign exchange revenues for the countries concerned, and there are also significant indirect benefits to be

realized. The Gabon manganese project, for example, calls for the building of a 180-mile railroad through the Congo Republic; this will open up hitherto inaccessible timber resources within the Congo. The new Sahara oil discoveries will provide a base for industrial development in the area, particularly for the chemical industry and, it has been estimated, should enable the French franc area as a whole to earn or save the equivalent of some \$200 million to \$250 million annually in foreign exchange.

Two of our African loans were for transport improvements: a loan of \$56.5 million to the Suez Canal Authority for the widening and deepening of the Canal, to enable it to accommodate the larger ships seeking transit, and another instalment of the Bank's lending for the railway expansion program of the Union of South Africa, for which the Bank has now lent a total of over \$160 million.

Lastly, only three weeks ago, the Bank made available the equivalent of \$40 million in three loans for transport and agricultural development in the Belgian Congo, bringing its total lending to the Congo to \$150 million. Hitherto Bank lending in Africa has been concerned entirely with infrastructure: power, railways, highways and so on. While these basic investments have provided very real benefits to the peoples of the borrowing countries, those benefits are admittedly indirect. The agricultural loans to the Congo will produce a direct benefit, and the Bank found special satisfaction in making this first loan for the improvement of African farming. It is, I think, worthy of note that the Belgian Government gave its full guarantee to these Congo loans, notwithstanding that the Congo is to become independent during 1960. This act of faith should not pass unnoticed. With continued good will on both sides, it could be of fundamental importance

to the pattern of political and economic development in Africa.

We hope to be able to make other "grass roots" loans designed to have a direct effect in improving the productivity of the small and medium-sized African producers. At the same time, we hope, too, to be able to move ahead with a number of the larger and more basic African projects, some of which are of such size and importance that they could completely transform important sectors of the economy. I have in mind, for example, the Roseires Dam and Managil extension projects in the Sudan, designed to bring large desert areas under irrigation, and, in Ghana, the proposed Volta River project for the construction of a large hydroelectric station and aluminum smelter. The problems of African economic development, like those of other areas, must be attacked from both directions simultaneously: from below, at the level of the individual, whose lot may be immediately improved in some small measure, and from above, through basic development projects of some magnitude, whose benefits will ultimately be widely felt throughout the whole economy.

In addition to our loan operations, we have in the past year sent general survey missions to review the economic problems and appraise the economic potential of two African countries. The report of the Bank's mission to Libya is just about complete and has already been informally discussed with the government; that of the mission to Tanganyika is in the final drafting stage. There is every evidence that the governments of both countries are prepared to give serious consideration to the recommendations of our missions. In each case, the recommendations are being presented at a critical time: for Libya because of the new oil discoveries, and for Tanganyika because of the approach of self-governing status. A general survey mission to Uganda is now being organized, and is expected to go out to

Uganda in the fall.

African countries were recipients of still other kinds of technical assistance from the Bank. For the first time, a resident representative was stationed in an African country: Ethiopia. Bank experts advised on the proposed establishment of several African development banks, and found managerial and technical personnel for an existing bank. Help was also given in recruiting qualified economic and financial advisers for various African government and government agencies. And finally, through the Bank's Economic Development Institute, officials concerned with development programming in six African countries were, in the past year, given the opportunity to exchange experience and views with their counterparts elsewhere in the world.

I have dwelt at some length on our loans in Africa because these are comparatively new developments and therefore worthy of special notice.

The continued heavy demand for development finance from the Bank's member countries required action to ensure that our lending resources would be equal to the task. As you know, a step of great importance in this direction was the increase in the Bank's authorized capital from \$10 billion to \$21 billion in September 1959. By the end of 1959 subscribed capital was more than \$18.5 billion, compared with \$9.5 billion a year before. The great majority of the increased subscriptions of member countries was not paid in, but remained on call if required to meet the Bank's obligations. In other words, it constituted a massive reinforcement of the Bank's borrowing power in the investment markets of the world. Investors everywhere can now buy Bank bonds in the knowledge that they are backed by the guarantees of its member governments to the tune of more than

the equivalent of \$16 billion.

As it happens, conditions in the world bond markets have not been very easy in the past year; indeed, in the United States market they have been the worst for thirty years. As a result, the Bank did not go the U.S. market with any new issue in 1959, but waited until February of this year before selling an issue of \$125 million of 5% Bonds. This was the Bank's first bond issue in the U.S. market since 1958. On the other hand, we made successful approaches to several markets outside the United States, including our first public offering of Deutsche Mark bonds in Germany and of Belgian franc bonds in Belgium. We also sold new issues in Switzerland and on the London market. There is plenty of evidence that the market for the Bank's bonds is widening, not only in the sense that new buyers are coming in all the time -- the last issue in the United States, for example, attracted 70 new institutional investors who together purchased \$25 million worth of bonds -- but also in the increasing financial support for the Bank in its other member countries. It was inevitable that the United States should have provided most of the Bank's resources in the immediate postwar period, but this phase has now definitely come to an end. More than half the Bank's funded debt is now held by investors outside the United States, and if one takes all the Bank's resources, including funds from capital subscriptions, from sales of loans, and so on, more than 60% of the total comes from outside the United States. Indeed, the Bank's largest source of funds for the past two years has been the Federal Republic of Germany. I take great encouragement from the increased ability and readiness of the industrial countries other than the United States to provide greater funds for development purposes to and through the Bank, first because it testifies

to the dramatic recovery of the Bank's European member countries from the ravages of war; and secondly because it shows their readiness to use the Bank as a channel through which their available funds can flow to the less developed countries.

While I am on the subject of financial recovery in the Bank's member countries, I should like to mention other important developments which indicate a return to healthy conditions in the countries concerned, and also to the financing of development by private investment. As you all know, one of the purposes for which the Bank was established was to encourage private investment in development financing, and the Bank consistently keeps this objective in view in all its operations.

One strong discouragement to private investment in the immediate post-war period was the widespread existence of defaults by governments on their external obligations. The last 14 years have seen a remarkable change in this situation. In January 1946, a few months before the Bank started business, eight of the countries of Europe were in default on their publicly issued bonds. Today there is only one European country still in default. Similarly, in 1946, eleven Latin American Republics were in default; today there are none. In Asia, three countries were in default; now there is only one, and it must be reckoned as a quite special case.

In the rest of the world, consisting of what is known as the Soviet Bloc, there were twelve countries in default in 1946, including Estonia, Latvia and Lithuania. These twelve countries are still in default on their publicly issued external bonds.

The improvement in this situation has, of course, been accompanied by a return to the bond market of many countries which were accustomed to find their development finance in that market before the war. In the past

fourteen years, no less than \$3 billion of foreign bonds have been sold, foreign bonds being defined as bonds being sold in the market of some other country. This figure excludes Canada, but includes the publicly issued bonds of 23 different countries, in addition to the three operations carried out by institutions like the European coal and steel community. The 23 countries that have sold bonds have sold them in six markets, in Germany, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States. To this extent, therefore, the borrowing countries have been able to re-establish their credit with private investors. Nor has foreign borrowing through the issue of bonds been confined to governments. The figures show that private companies from twelve different countries have been able to sell \$300 million worth of bonds in investment markets outside their own countries.

This return to classical methods of development financing is a healthy sign, and one that all of us should do everything to assist. The Bank has been able to play a part in the process, partly because its own record has shown that its borrowing countries do not default on their external obligations, and partly because the Bank has taken every opportunity to help its borrowing countries to return to the private investment markets for finance. The last Annual Report of the Bank noted that in fiscal 1958-59 the Bank was able to participate in five joint operations, that is to say operations where a Bank loan was made to coincide with a public issue of bonds by the borrowing country in the United States market. The fact that the Bank was making a loan was undoubtedly an encouragement to private investors to buy the borrower's bonds. In those joint operations of 1958-59 the total amount raised was \$250 million: Bank loans contributed \$100 million, \$130 million came from the market and the European Investment Bank lent the equivalent



of \$20 million.

Equally encouraging has been the progress made to mobilize additional capital resources for developmental investment through the proposed International Development Association, or IDA as it, or perhaps I should say she, has already come to be called. As you will no doubt have observed, this new concept has already been endowed with many feminine characteristics. German financial writers have been particularly imaginative, one comparing IDA to Aphrodite, and another picturing her as a lady of easy virtue drawing on herself the pained disapproval of the spinsterish World Bank. IDA will have, I hope, the feminine virtues of sympathetic understanding and helpfulness; but she will also, I trust, prove herself a conscientious manager of her co-operative household, with a sharp eye to quality in investing the funds entrusted to her care. I have said on a previous occasion that, while IDA will make soft loans in the sense that they will not bear heavily on the borrower's balance of payments, it will not be a soft lender. While IDA will finance a broader range of projects than the Bank, we do not intend to lower the standards against which we measure the intrinsic merits of the projects we finance and the soundness of the plans for carrying them out. Nor do we intend to lower our sights with respect to the kind of domestic performance by our member governments which we regard as essential to qualify them for assistance.

I hope and expect that IDA will come into existence some time during the fall of this year. That it will be able to play a useful role is, I think, beyond question. There are a number of countries too poor to finance a satisfactory rate of development on conventional loan terms. And there are a number of others the very vigor of whose development effort has given them an absorptive capacity for external capital greater than their ability

to service fixed foreign debt on conventional terms. It is a striking fact that, during the three years 1956-1958, the public external debt of the Bank's member countries in Asia, the Middle East and Africa almost doubled. India and the United Arab Republic, which had very little external public debt at the end of 1955, were major debtors on public account three years later. In Latin America, too, public external debt increased by about 40%. Indeed, by the end of 1958, both groups of countries -- Latin America, on the one hand, and Asia, the Middle East and Africa, on the other -- had outstanding public debt of about \$5 billion, and further expansion has since occurred.

I mention these figures, not because I regard the present level of indebtedness as excessive, but because they indicate that to maintain and accelerate the momentum of development will require continued large injections of foreign capital for many years ahead. If, over that period, we are to avoid putting an unduly high fixed-debt burden on many of the developing nations, we must extend our assistance to them on terms which alleviate, so far as possible, the burden on their balance of payments.

I am aware, of course, of the school of thought which tends to belittle IDA, even before it has begun operations, on the ground that the funds at its disposal are too small to make any sizeable impact on the problem. It is true that IDA's initial resources are modest, but the Articles of Agreement contemplate consideration of an increase in those resources when its member countries agree that this is necessary. There are, after all, advantages in not starting on too large a scale. Emphasis on huge global investment targets can be both misleading and disillusioning. What matters is not only the quantity of investment but its quality, not only the amounts

of money which can be postulated as desirable, but also the amounts which can be effectively absorbed in worthwhile and well-thought-out development activities.

Let me cite the African case again as an illustration. The basic requirement for the faster development of the new nations in that continent, I am convinced, is more education and training at all levels -- a more generally literate working force, more skilled artisans, more members of the learned professions, more entrepreneurs, more experienced government administrators. Until the human resources of the new African nations are more fully developed -- and no huge injection of money can greatly accelerate that process -- the opportunities for the wise and effective utilization of foreign investment will necessarily remain limited. And what is true of Africa is true of many of the other less developed nations as well.

IDA is not, of course, the only new international financial institution now coming into being. Only a few weeks ago, the Inter-American Bank held its organizational meeting, and we look forward to co-operating with it in assisting the growth of the economies of Latin America. Last month also there was an important series of meetings in Washington at which the principal creditor countries of the world, meeting under the name of the Development Assistance Group, discussed ways of co-ordinating their development assistance activities, increasing the flow of capital into the less developed areas, and assuring increasingly effective use of that capital. The Bank welcomes this development and has expressed its willingness to be of whatever assistance it can be to the Group.

I want to say a special word about the constructive relationship which the Bank has established with the United Nations Special Fund. The many

meritorious projects which have been flowing into the Special Fund demonstrate, if proof be needed, the validity of its underlying concept. The surveys and training institutions which the Special Fund has agreed to finance should put the developing nations in a far better position than before to plan and carry out their development programs and a number of the surveys will, I feel sure, lead in time to Bank investment.

But let me add a word of caution in this connection. It is one thing to be clear that a survey or a training institution is needed; it is quite another to organize and then to staff and administer such a project. The Bank's own experience as Executing Agent, or prospective Executing Agent, for six Special Fund projects has brought home to us forcefully that analysis and approval of requests for financing made to the Special Fund are only the first small step. The effective administration of the projects approved requires a major expenditure of time and effort, the study and solution of numerous delicate, difficult and often novel problems, and close supervision over all aspects of the projects as they go forward. These are not tasks that can be undertaken casually or by inexperienced hands; on their successful accomplishment depends the very success of the Special Fund itself.

Important developments have happened in the last few months in another important matter. Almost eight years ago I reported to this Council that the Bank had taken an initiative in seeking a solution of the Indus Waters dispute between India and Pakistan. I referred to this dispute as a "knotty" problem. This phrase turned out to be an understatement; the Bank has, in fact, been engaged in studies and discussions of the problem with the two governments ever since. Now, however, I think we are near the end

of this process, and I hope that the solution we have worked out will begin to be carried out in the area by the fall of this year. This plan, which will take ten years to carry out, and will cost in all about \$1 billion, embodies the Bank's belief that a solution to this dispute was possible on the basis of engineering works to store the flood waters of the Indus system of rivers and to transfer the water from one river to another so that both countries may have all the irrigation water they require. It has been clear from the outset that external financial assistance would be needed on a considerable scale to enable an engineering plan to be carried out. The Bank was therefore glad to be able to announce at the beginning of February that offers had been made by friendly governments to contribute over \$600 million, in grants and loans, toward the cost of the works embodied in the plan. The governments concerned are Australia, Canada, Germany, New Zealand, the United Kingdom and the United States, and the highest tribute should be paid to their generosity in this important matter.

I also want to pay tribute to the man who has carried the burden of this important but very difficult negotiation for the past eight years. He is my colleague, Mr. W.A.B. Iliff, a Vice President of the Bank. Throughout the negotiation, he has shown great understanding, patience and restraint, and I cannot praise his services too highly.

As I said in my opening remarks, Mr. Chairman, there is a great deal of importance to report, and I apologize because I have inevitably had to omit references to many matters of interest and importance to this Council. The fact is that the work of the Bank continues to grow, both in scope and scale, as a reflection of the greatly increased attention which is now focused on the process of economic development by all countries. The under-

developed areas are in a ferment to raise their standards with the minimum of delay. And the already developed countries, by their deeds, are showing that they are willing to accept their full share in this process of worldwide economic improvement, which I regard as the greatest task of our time.

(A short section on IFC will be inserted later.)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. W. A. B. Iliff *WAB*  
FROM: Patterson H. French *P French*  
SUBJECT: Attached Press Release on United Nations Water Development Center

DATE: September 2, 1959

You asked about the newly created Water Resources Development Center in the United Nations Secretariat. I have talked with Mr. Myer Cohen of the U.N. Special Fund about this Center.

He says that this center actually does not exist as a separate organization. At a water resources conference in Rome this summer, it was agreed that the U.N. should take the leadership in coordinating the work of the various specialized agencies on water resources. The responsibility for this coordination was assigned to the Water Resources and Power Section of the Department of Economic and Social Affairs; Father E. S. de Breuvary is Chief of this Section.

Cohen says that this work of coordination is just beginning to get underway. For instance, the Special Fund has not yet worked closely with Father de Breuvary. Thus the Press Release makes this new "center" sound more formal and important than it really is.

*P French*

UNITED NATIONS  
Press Services  
Office of Public Information  
United Nations, N.Y.

*D. J. Daniels*  
*Do you know who is*  
*U.N., was this outfit?*  
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(For use of information media -- not an official record)

Press Release EC/1962  
1 July 1959

WATER DEVELOPMENT CENTER SET UP IN UN SECRETARIAT  
AS 'FOCAL POINT' FOR INTERNATIONAL ACTION

A Water Resources Development Center has been set up within the Secretariat at United Nations Headquarters to serve as the focal point for concerted action among the UN and related agencies in the field of water resources.

The step was taken at the request of the Economic and Social Council as part of its long-term program to promote best use of existing water resources and development of potential supplies needed for economic and social progress.

With water "already a limiting factor" to economic development in some areas, as a report to the Council's forthcoming session points out, the new UN Center and various agencies are working, for example, toward:

-- Appraisal, exploitation and conservation of ground water as a source of supply for cities and rural areas, agriculture and industry;

-- Integrated development of river basins, which may offer possibilities for irrigation, navigation and power as well as a source of water;

-- Development of arid and semi-arid regions, both through aid in field operations and through research in problems such as use of saline or brackish water;

-- Control of water pollution where it now exists and prevention of pollution from new industries, including those expelling atomic wastes.

The center is working with all UN agencies and services carrying out projects in the field of water resources, including the Technical Assistance Board, the UN Special Fund, UN regional economic commissions, the Food and Agriculture Organization, the United Nations Educational, Scientific and Cultural Organization, the World Health Organization, the International Bank for Reconstruction and Development, the World Meteorological Organization, and the International Atomic Energy Agency (in the field of water pollution from atomic wastes).

'Common Approach' Sought

As one of its main objectives, the Center will seek to ensure "a common approach" in water resources projects and "the most fruitful use...of the competence

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existing within the various organizations of the United Nations family," the report to the Council states.

The functions of the Center are:

- (a) to keep the interrelated problems of water resources under continuous review;
- (b) to coordinate the systematic study by the organizations concerned of problems related to water resources development in general and river basin development in particular;
- (c) to strengthen and ensure good coordination of technical assistance activities in the field of water resources;
- (d) to foster in regard to international rivers, as appropriate, the collection of relevant data, the study of tentative program schemes, and the bringing together of the parties concerned;
- (e) to promote efforts toward the formulation of principles of international law applicable to water resources development;
- (f) to foster the diffusion of relevant information among governments and interested organizations.

#### Inter-Agency Meetings Held

The Center will be assisted by Inter-Agency Meetings on International Cooperation with Respect to Development and Utilization of Water Resources, which will advise on general policies. Such meetings have been held since 1954, and another meeting is scheduled for July in Rome.

In carrying out its activities, the Center will use engineering, technical and other facilities at United Nations Headquarters and also will draw upon those in regional commission secretariats and in UN agencies, as well as on the services of individual experts on an ad hoc basis.

Development of the international program of concerted action in the water resources fields, including the establishment of the new Center, is reviewed in a report of the Administrative Committee on Coordination (Doc. E/3247, Annex I), prepared for the Economic and Social Council's summer session opening 30 June in Geneva.

It recalls that the Council first emphasized the need for international action in water resources control and utilization in 1951. In May 1958 the Council adopted a four-part resolution\* on water resources which requested the UN Secretary-General to establish the new Center, suggested priority fields of action, and called the attention of governments to particular needs.

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\* Resolution 675 (XXV) of 2 May 1958

River Development, Ground Water Stressed

Noting that the Council has attached priority to integrated river basin development as a field for concerted action, the report cites work of this type under way in the Lower Mekong River Basin of Southeast Asia, where the UN, FAO and WMO have helped draw up a program for detailed investigation of development possibilities. (The program is described in Add. 1 of this release.)

As one of its projects under the concerted program, the new UN Center will systematically review problems relating to the development, use and conservation of ground water (that is, water from inside the earth, which feeds wells and springs). It expects to convene, toward the end of this year, an inter-organization group of specialists to prepare reports on selected problems in this field.

The Center has prepared a preliminary report on "Techniques of Water Resources Surveys" which is now being distributed, for information and comments, to all member governments and about 35 international organizations. It deals with techniques for surveying surface-water resources; ground-water investigations; and the assessment of water quality.

This report represents the joint effort of the United Nations Bureau of Economic Affairs and of the specialized agencies concerned, within the framework of the new Water Resources Development Center, a foreword notes. Material is based in part on information from FAO, WHO and WMO.

\* \*\*\* \*

Note: Examples of work in the field of water resources development being carried out by UN agencies and services are given in Add. 1 of this release.

UNITED NATIONS

Press Services  
Office of Public Information  
United Nations, N.Y.

(For use of information media--not an official record)

Press Release EC/1962/Add.1  
TA/782

1 July 1959

UN AND RELATED AGENCIES WORKING WITH GOVERNMENTS  
IN DEVELOPMENT AND USE OF WATER RESOURCES

Governments of Africa, Asia, Europe, Latin America and the Middle East are being aided by the United Nations and related agencies in developing water resources to meet expanding needs of agriculture, industries and community life.

The projects include, among other things, surveys of resources, river-basin development, drilling of wells, construction of dams for hydroelectric power and irrigation, water purification and sanitation, pilot projects in watershed management and drainage, and experiments in new irrigation practices.

Many of the projects are receiving financial aid from the Expanded Program of Technical Assistance; five have received allocations from the new UN Special Fund under its first operational program; and others are being carried out by the UN Secretariat and individual agencies as part of their regular work.

Some examples\* of the various types of assistance are cited below.

Mekong River Investigated

A major example of joint action is the Lower Mekong River Basin project, affecting Laos, Cambodia, Thailand and Vietnam, which is being aided by the United Nations, several UN agencies, and a number of governments.

Eventually a multi-purpose program--for development of irrigation facilities, flood control, hydroelectric power, and navigation--is envisaged for the Lower Mekong Basin, an area with a population of 17,000,000.

At present, work is progressing on a five-year program of data-collection and  
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\*The examples are not intended as a comprehensive listing. A detailed description of activities of UN organizations in the field of water resources, including a section on financial and technical assistance, was given in a report prepared for the Economic and Social Council last year (Doc. E/3071, Annex III); it reviews projects in 54 countries and territories, as well as regional activities. A similar report will be prepared next year.

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planning, estimated to cost \$9.2 million, as recommended by a UN survey mission in January 1958. In addition, plans have been approved for several relatively small pilot projects on Mekong tributaries, expected to bring almost immediate benefits.

An integrated plan for detailed investigation of the river basin has been drawn up with the aid of experts from the UN, the Food and Agriculture Organization and the World Meteorological Organization; the International Labor Organization has offered to aid in certain fields as work progresses.

As part of the over-all program, an aerial survey of the main stem of the river will be made by Canada at a cost of 1.3 million Canadian dollars; the United States is contributing \$2.2 million for investigations on the ground, including river measurements; Japan is providing ground reconnaissance of Mekong tributaries, estimated to cost up to \$240,000; New Zealand has contributed \$100,000 for boats for river survey work; India will supply 366 rain gauges at a cost of some \$32,000.

France has announced contributions totaling \$320,000;\* Australia has offered \$225,000;\* the United Kingdom has provided \$56,000\* for a launch and meteorological equipment.

Other help is provided by the Expanded Program for Technical Assistance. As a further step, the United Nations Special Fund will be asked for aid in detailed investigations of selected tributaries, mineral development in the area, and projects to make some parts of the river navigable.

The program is being supervised by a Committee for Coordination of Investigations of the Lower Mekong Basin, set up in 1957 by the four governments of the region in response to a resolution of the UN Economic Commission for Asia and the Far East (ECAFE), which has been concerned with Mekong studies for several years. For day-to-day administration, an Executive Agent and staff are provided for the Committee by the UN Bureau of Technical Assistance Operations.

Describing the work, C.V. Narasimhan, former Executive Secretary of the UN Economic Commission for Asia and the Far East (now UN Under-Secretary for Special Political Affairs), has said: "There may be bigger projects in the field of water resources in other parts of the world, but never in history has there been anything like the Mekong scheme in which four countries are involved and all kinds of aid from different sources are being fitted into one agreed pattern."

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\*Dollar equivalents

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### UN Technical Assistance Provided

Elsewhere in the world, technical assistance experts from UN Headquarters have worked in the past year on assignments ranging from the extraction of salt from sea water in Iceland, by means of geothermic (hot-springs) energy, to investigation of ground water in the western coastal belt of Malaya and aid in the Minneriya hydroelectric project in Ceylon.

Increasing requests for experts in fields such as hydroelectric power, municipal water supply, and water resources surveys and appraisals were met during the year, a recent report on the UN technical assistance program (Doc. E/3236) states.

A Water Resources Survey Group has been set up in Latin America as a joint effort of the UN technical assistance program, the UN Economic Commission for Latin America, and the World Meteorological Organization. Experts in this group surveyed water resources in Chile, Ecuador and part of Argentina in 1958, and requests for its services in 1959 have been received from Cuba and Venezuela.

One example of a UN expert's assignment is shown by a hydrologist with experience in well-drilling who worked in Bolivia for nearly two years to assist in the installation and utilization of equipment, the location of wells, and the training of personnel. He also helped organize a financially self-supporting Ground Water Division, a semi-autonomous well-drilling operational agency under the Bolivian Development Corporation. It is managed and operated by Bolivian personnel trained by the UN expert with equipment provided originally by the UN. In addition, the UN hydrologist also helped to set up a national hydrological service.

In Pakistan, three UN experts on dam construction are advising on certain/of the aspects building of the big Gudu Barrage on the Indus Fiver in Pakistan. The dam, expected to be completed in 1960 or 1961, will irrigate 2,500,000 acres of land to be used mainly for the production of food crops. The UN experts are training Pakistani officers and personnel in all duties involving the dam construction.

### UN Special Fund Approves Water Projects

The first operational program of the United Nations Special Fund, approved in May, includes five projects related to water resources for which a total of \$1,770,000 has been allocated, as follows:

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Ghana -- \$305,000 for aid in a survey of the lower Volta flood plain to determine whether conditions are suitable for the large-scale growing of irrigated crops, the costs of irrigation and drainage works for selected areas, and the expected benefits.

Greece -- \$245,000 for a pilot study of methods of locating and developing ground water resources in limestone terrain; a main problem is how to differentiate between water-bearing and non-water-bearing limestone structures and how best to drill and exploit them.

Israel -- \$320,000 for a pilot project in watershed management, designed to test and demonstrate ways of retaining and utilizing an estimated 100 million cubic meters of water discharged into the sea each year by "wadis" or ephemeral streams.

Thailand -- \$600,000 for aid in an investigation of silting conditions in the Bangkok port channel and a study of remedial works needed.

United Arab Republic -- \$300,000 for aid in pilot projects in 10 representative areas to test drainage practices suitable for the Nile Valley.

For each project, an "executing agency" has been named. It will be FAO for the projects in Ghana, Greece, Israel and the United Arab Republic; and the International Bank for Reconstruction and Development for the Bangkok port project.

#### FAO Provides Experts

In the field of water resources, the Food and Agriculture Organization has assisted countries in assessing their resources and requirements; protection of land against flooding; irrigation and drainage; and rural water supplies.

In this field, FAO has sent experts to Aden, Afghanistan, Bolivia, Brazil, Cambodia, Ceylon, Chile, Greece, Guatemala, India, Iran, Iraq, Israel, Japan, Jordan, Laos, Libya, Nepal, Nicaragua, Pakistan, Peru, Sudan, Vietnam, Tanganyika, Thailand, Trinidad, the United Arab Republic, Yemen and Yugoslavia in recent years.

The largest project undertaken by FAO is the Rufiji Basin Survey in Tanganyika, where 11 experts are helping the government in carrying out investigations of the territory's potentiality for economic development. The basin covers some 68,500 square miles and represents virtually 20 per cent of Tanganyika territory. The experts have made topographical, hydrological, geological and soils surveys and have carried out irrigation and dam design work. Trial farms under irrigation, established for crop research work, are already providing excellent results, FAO has reported.

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In Brazil, FAO is helping the government plan the economic development of the Amazon River Basin. Since 1952, FAO forestry experts have been carrying out studies and surveys for the development of timber production and industrialization. The Santarem training center in Brazil, which is part of the government program for development of the region, has been created with the FAO mission's aid. Situated 500 miles upstream, it is intended for the training of operators in logging, sawmilling and other forest operations and for work as a silvicultural research and experiment station.

#### UNESCO Fosters Arid-Zone Studies

The United Nations Educational, Scientific and Cultural Organization has carried out, over eight years, a program for assistance in scientific research on problems of arid lands. With the aid of an Advisory Committee on Arid Zone Research, consisting of experts in the field, UNESCO organizes seminars, publishes studies, awards fellowships, and grants subsidies to national research bodies.

Two seminars are planned for 1959-1960. One, devoted to the relationship of plants and water, will be held this year. The other, in 1960, will review results already achieved in UNESCO's arid-zone program and look into new developments.

In 1957-58, UNESCO gave aid to desert research and teaching institutes in the United Arab Republic, India, Israel, Pakistan and Turkey which has enabled them to undertake or continue research on hydrology, hydrogeology and geophysics. In cooperation with these institutes, UNESCO has also organized refresher courses and has awarded some 20 fellowships.

In Brazil, two UNESCO experts in hydrogeology have given advice in setting up a school in that field at the University of Recife and have helped the government fight drought in the northeastern part of the country.

In addition, UNESCO and FAO are cooperating in research on certain problems related to arid zones, including the demineralization of salt water. (On this problem, a UN report last year commented, "Particularly in arid zones, no single achievement would do more for the improvement of living conditions than the discovery of an economic method of purifying saline water both from the sea and from underground sources."\*)

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### WHO Plans Safe-Water Campaign

The World Health Assembly last month approved a "spearhead program" under which the World Health Organization will offer leadership in a world-wide effort to provide safe and adequate water supplies. Such supplies, the Assembly stressed, are essential to the protection and improvement of health and indispensable for economic and social development.

WHO is assisting governments of Africa, Asia, Europe, Latin America and the Eastern Mediterranean area in this field.

In Uruguay, for example, WHO is training water works operators in methods of improving the quality of water, and in the maintenance of installations and equipment. A WHO expert is also assisting in organizing a permanent school for operators of waterworks and sewage treatment plants in the School of Engineering of the University of the Republic, at Montevideo. WHO is also providing funds for the completion of equipment in the chemistry laboratory so that it may carry out accurate bacteriological and chemical analyses and give instruction in this field.

In Spain, WHO is setting up a training course for municipal engineers in the operation and supervision of water supply systems and sewage disposal works.

In its recent annual report (Doc. E/3235) WHO expressed concern over the problem of the spread of bilharziasis (a snail-borne parasitic disease) to newly irrigated lands. Ways of designing irrigation systems that will be unfavorable to snail breeding are therefore being sought.

### Pollution through Atomic Wastes Studied

With the expanding uses of atomic energy for peaceful purposes, the problem of disposing of nuclear waste material is receiving attention from the International Atomic Energy Agency, particularly when it raises international questions--for instance, when the atmosphere or international waters are involved.

The United Nations Conference on the Law of the Sea, held in Geneva last year, requested the Agency to undertake action in regard to waste disposal at sea, and the Agency convened a special panel to study the problem. Its initial report is expected to contain recommendations which could form the basis for an eventual international agreement.

The Agency is also planning a Conference on the Disposal of Radioactive Wastes into the Sea and into Geological Structures, to be held in Monaco 6 - 21 November 1959. Among other things, the conference will discuss the methods of waste disposal in the atmosphere, fresh water, soils, geological structures,

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coastal waters and the deep sea; storage of waste materials; and new research required.

#### WMO Aids in Hydrometeorology

The World Meteorological Organization last year provided technical assistance experts in hydrometeorology to assist Pakistan and Turkey; and awarded fellowships enabling personnel of Burma, China, Pakistan, Turkey and Yugoslavia to obtain advanced training abroad in hydrometeorology or related fields.

In addition, WMO is working in the Lower Mekong River Project; has provided an expert for the Latin American water resources survey group; and is cooperating with UNESCO in its arid zone program. The WMO secretariat and the UN Economic Commission for Asia and the Far East are planning a seminar on hydrological networks and design methods.

As part of its program of technical publications, WMO has issued a report on "Techniques for Surveying Surface-Water Resources."

#### International Bank Helps Finance River Development

The International Bank for Reconstruction and Development has made a number of loans for multi-purpose development of river valleys, to bring about irrigation, flood control, land reclamation and hydroelectric power.

In the Damodar Valley of India, for example, nine Bank loans totaling more than \$300 million have contributed "to a remarkable transformation that has taken place over the last decade," the Bank's annual report for 1957-58 states. The valley, stretching 340 miles northwest from Calcutta, is rich in agriculture and industry, but its full development had been barred by sudden monsoon storms and the danger of flash floods, the report points out. Now the waters of the Valley are being put to productive use by construction of a chain of dams, irrigation facilities and hydroelectric power plants. Food production is expected to increase by some \$40 million annually, as one result.

In central Thailand, the Yanhee project will make possible higher yields on 2-1/4 million acres of land, through irrigation, and will add half a million kilowatts of electrical generating capacity by harnessing a tributary of the Chao Phya River.

Other multi-purpose development is being aided in the Volturno and Tavoliere plains of southern Italy. In Japan, an irrigation and power loan in the Aichi region of Honshu Island will aid in the country's first large-scale experiment in the irrigation of hill land.

(more)

1 July 1959

Hydroelectric projects in Africa, Asia, Europe and Latin America account for a major part of the Bank's total lending of \$1,386,000,000 for power development, its largest single field of work. Other Bank loans have helped in improvement of inland waterways and in expansion and modernization of ports.

In addition, the International Bank's good offices have been provided in discussions directed toward an agreement on sharing of the waters of the Indus River between India and Pakistan.

#### Regional Water Problems Studied

The UN's four regional economic commissions are also fostering water resource development activities.

Projects and research related to the integrated development of flood control, irrigation, navigation and power facilities are being carried out by the UN Economic Commission for Asia and the Far East. Its Bureau of Flood Control and Water Resources Development is making, for example, country-by-country surveys of river basin development. It also publishes technical information on water resources, convenes technical conferences, and works with governments of the region on water problems. In recent years the Bureau has given special attention to the Lower Mekong River Basin project.

In Europe, problems of water pollution control have been studied by the secretariats of the UN Economic Commission for Europe, the FAO and the WHO; suggestions that might serve as a basis for discussion by governments interested in the establishment of international river pollution control bodies have been drawn up. ECE has also studied hydro-power resources and ways of reducing costs of hydroelectric stations.

The Economic Commission for Latin America is working with the UN technical assistance bureau and the World Meteorological Organization in studying water development potentialities in various countries. On the basis of a questionnaire sent to all governments of the area, an introductory paper on the area's water resources has been prepared.

The newest regional body -- the Economic Commission for Africa -- will make studies of water and other natural resources, where such research has not already been undertaken or is incomplete. As a first step, it has asked UNESCO to compile a bibliography of surveys made so far and draw attention to major gaps needing national or international attention.

(more)

1 July 1959

[At UN Headquarters, a Water Resources Development Center has been set up to serve as the focal point for concerted action among the UN and related agencies and services in the field of water resources; its functions are described in the first part of this release.]

\* \* \*

(Note: Photographs illustrating this release may be ordered from the UN Photo Distribution Unit, Room 989.)

<b>ROUTING SLIP</b>		Date <b>8/7/59</b>
NAME		ROOM NO.
<b>Mr. J. Burke Knapp</b>		
<del>Mr. [Signature]</del>		1003
<del>Mr. [Signature]</del>		
	Action	Note and File
	Appropriate Disposition	Note and Return
	Approval	Prepare Reply
	Comment	Per Our Conversation
	Full Report	Recommendation
	Information	Signature
	Initial	To Handle
<p>REM, 3</p> <p style="text-align: center;">I can't resist the temptation to send you this. It 's the highest tribute which was ever paid to the Bank's economic research activities and it comes from the U.S. Delegation at the U.N. I think you would enjoy reading it.</p> <p style="text-align: center;">I only hope that even in its revised form the ECOSOC resolution will not mean that we have to work hard to help the U.N. write a report...</p>		
<p>From <b>L. B. Rist</b></p>		

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Rist  
FROM: Richard H. Demuth  
SUBJECT: ECOSOC Resolution Concerning Economic Research Techniques

*[Handwritten signature]*

DATE: August 5, 1959

Attached are two documents sent to me by Dr. Lopez-Herrarte from Geneva. Attachment "A"(1) is a draft resolution proposed by the United States; attachment "A"(2) is the resolution as redrafted and approved. It will be noted that the resolution actually approved omits any reference to the Bank and is directed primarily at obtaining an evaluation of techniques used by the United Nations itself.

Attachments (2)

USA

A" (1)

Evaluation of Economic Research Techniques in the UN

Draft Resolution Relating to Item 4

The Economic and Social Council

Reaffirming the importance, nationally and internationally, of sound and substantial progress in the economic development of the less developed countries,

Recognizing the necessity for adequate economic statistics and other pertinent current data and for appropriate and sound economic studies as aids in the consideration of investment and development policies and actions by governments and individual domestic and foreign investors,

Considering the extensive experience of the International Bank for Reconstruction and Development and other specialized agencies in conducting practical economic studies and surveys,

1. Notes that there is a large and ever-increasing number of economic studies and surveys undertaken or contemplated by the United Nations and its subsidiary bodies relating to the economic development of the less developed countries;

2. Draws the attention of member governments to the need in many countries for developing accurate economic statistics and other pertinent current data as an essential basis for economic studies and surveys;

3. Requests the Secretary General to undertake a searching evaluation of the economic research techniques being used in the

United

United Nations and its subsidiary bodies, their applicability to countries in different stages of development and the possibilities and limitations of these methods in the conduct of such economic studies and surveys as may be undertaken;

4. Invites the Secretary General, in preparing such an evaluation, to consult with the International Bank for Reconstruction and Development and other appropriate specialized agencies which have had extensive experience in conducting economic studies and surveys in connection with carrying on their responsibilities;

5. Further requests the Secretary General to prepare a report of his findings for submission to the Economic and Social Council at its 30th Session.

UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL

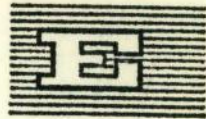
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"A" (2)



Distr.  
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E/AC.24/L.150 Rev.1  
23 July 1959

Original: ENGLISH

Twenty-eighth session  
Agenda item 4

Dual distribution

CO-ORDINATION COMMITTEE

GENERAL REVIEW OF THE DEVELOPMENT AND CO-ORDINATION  
OF THE ECONOMIC, SOCIAL AND HUMAN RIGHTS PROGRAMMES AND ACTIVITIES  
OF THE UNITED NATIONS AND THE SPECIALIZED AGENCIES AS A WHOLE

Evaluation of techniques of long-term economic projections

Afghanistan, Costa Rica, France, New Zealand, Sudan and the United States of America :  
draft resolution

The Economic and Social Council,

Reaffirming the importance of sound and substantial progress in the economic development of the less developed countries,

Recognizing the necessity for adequate economic statistics and other pertinent current data and for appropriate and sound economic studies as aids in the consideration of investment and development policies and actions by governments and individual domestic and foreign investors,

1. Draws the attention of Member Governments to the continuing need in many countries for developing accurate economic statistics and other pertinent current data as an essential basis for economic studies and surveys;
2. Requests the Secretary-General to undertake, in consultation with the appropriate specialized agencies and other competent organizations, an evaluation of the techniques of long-term economic projections <sup>including those</sup> currently used in the United Nations and its subsidiary bodies, their applicability to countries in different stages of development and the possibilities and limitations of these techniques;
3. Further requests the Secretary-General to submit to the Council at its thirtieth session an initial report giving a summary account of such projections made to date and the problems encountered in their preparation, to be followed by other progress reports as appropriate.




U.N. Econ. Sec.  
→

# OFFICE MEMORANDUM

TO: Files

DATE: June 11, 1959

FROM: Richard H. Demuth 

SUBJECT: Notes on Meeting Held with Representatives of United Nations Department of Economic and Social Affairs, Technical Assistance Organization and Technical Assistance Board

---

Dr. Lopez-Herrarte and I had a meeting on June 5 with the top officials of the United Nations dealing with economic and technical assistance matters, including Messrs. de Seynes, Narasiman, Heurtematte, Bloch, Hill, McDiamid and Goldschmidt. This was one of a series of periodic meetings in which the Bank representatives describe major developments in Bank activities and a similar presentation is made by the United Nations. Among the points brought out by the United Nations which may be of interest to various departments of the Bank are the following:

1. Mekong River. A United Nations resident mission has been established to supervise this project. The head of the mission is Mr. Hart Schaaf, former UN/TAB Resident Representative in the Philippines. An engineering advisory committee has been created for the project, one member of which is Mr. Poulson (?) of the U.S. Poulson is about to retire and there is some feeling that his successor should be an economist. The Bank may be approached to nominate someone for this position or possibly to designate a member of its staff to serve on the advisory committee. Mr. de Seynes said that no decision had been reached on this matter and that there was nothing for the Bank to do about it at the present time.

2. Ceylon. The UN/TAB Resident Representative has advised the United Nations that the CISIR wants the Technical Assistance Program to provide a director to succeed Godwin upon his retirement. Mr. Goldschmidt said that there was considerable pressure being put on the U.N. to this end and asked the position of the Bank. I replied that the Bank's position had already been made abundantly clear, namely that we felt that, as of the time of Godwin's retirement, management of the Institute should be taken over by the Ceylonese, although further advisory assistance might be desirable. Messrs. de Seynes and Heurtematte agreed with the Bank's position.

Mr. Goldschmidt mentioned that the U.N. had two power experts in Ceylon and that a report had been prepared by one of them, a Mr. Pfeifer. He agreed to send us a copy of this report.

3. India. The U.N. expressed its gratitude to the Bank for suggesting Mr. Posthuma for the Calcutta port project and for helping to brief him; a copy of his report will be sent to us. The U.N. is giving fellowships to 30 or 40 young Indian engineers to go to the U.S.S.R. for training to operate the Soviet steel mill. They consider this a good way to use the U.S.S.R. ruble contribution to the Technical Assistance Program.

4. Pakistan. A United Nations expert has prepared a report on a coal project which may provide an attractive opportunity for private investment. The U.N. felt that IFC might be interested in this project. A copy of the report will be sent to us.

The U.N. has been asked to supply and is seeking to recruit two top-level power and irrigation experts, one of whom will serve as senior advisor to Ghulam Farouk as Chairman of the Power Authority and the other of whom will serve the East Pakistan Authority.

5. Indonesia. The U.N. is proposing to send a staff man to Indonesia to examine the over-all government-owned industry picture. They are also attempting to recruit for a short-term mission a top-level financial adviser. Mr. van Zeeland was approached but is not available. They are now trying to recruit Mr. Gutt. Mr. de Seynes, upon hearing this report from his own technical assistance staff, said he questioned whether anyone of this character should be or would be sent.

6. The Philippines. The technical assistance people said that their Philippine program was "in bad shape." One of their problems relates to an iron and steel project which is to be operated by the government. The United States has apparently refused to finance the project because it will be government-owned. The United Nations has been asked for a number of technical experts for the project but the request is in abeyance because financing for the project is not in sight. The United Nations would like to have any information about the project available within the Bank.

The U.N. also referred to a resources survey. They said that the first half of this survey had been financed by ICA but that they believed the United Nations may be requested to undertake the second half of the survey.

7. Vietnam. The U.N. is trying to recruit Mr. Lips for Vietnam. Some difficulty had arisen because Lips wants a five-year appointment. Mr. de Seynes instructed his staff to attempt to work out a contract with Lips.

The U.N. was unaware of the Ford Foundation interest in providing economic advisers to Vietnam. I suggested that, in order to avoid overlapping, Mr. Heurtematte should call a meeting of the Bank, the Ford Foundation and the United Nations for some time during the week of June 14 to discuss who does what and said that I felt sure that Mr. Cargill would be willing to attend such a meeting. Mr. Heurtematte said that he would be glad to do this.

8. Thailand. U.N. industrial experts in Thailand are preparing several reports which the U.N. believe may be of interest to us and which they will send to us when completed.

9. Korea. The Technical Assistance Organization is taking over the UNKRA projects in order to finish them off.

10. Malaya. The United Nations has been requested to provide assistance to an Applied Research Institute, which has been established in part on the basis of advice given by Dr. Godwin. The U.N. asked whether we would wish to join in supporting this Institute. I replied that I was quite sure we would not want to accept responsibility for any more projects of this type.

11. Libya. The United Nations has received a number of requests from Libya under the OPEX program. This is the new program under which the United Nations has been authorized to furnish a limited number of personnel to serve in administrative and executive capacities in member countries. Mr. Hald is to go out for the United Nations as economic adviser to the government. His name was suggested by the State Department and the IMF and he is highly regarded by the United Nations. (Note: Messrs. Prasad and Wright briefed Mr. Hald recently. They had a somewhat less enthusiastic reaction to him.)

12. Guinea. Mr. Adrian Pelt, a high official of the United Nations, is being sent to Guinea for a short period to serve as Special Representative of the Secretary General. The United Nations also expects to send in a few "fact-finding missions" in order to ascertain what is being done and what surveys are available. The U.N. also expects to send in several experts under the OPEX program. A paper is being prepared describing the program to be carried out in Guinea and this will be sent to us. The program is intended to be kept fluid in view of the possibility of the return of a substantial number of French experts. Mr. de Seynes, in commenting on this program, said that he considered the Guinea situation to be a "hot one" and that the U.N. is "trying to get it back to reasonable temperature." At another point he described the U.N. program as having "an elucidating and neutralizing function." It was mentioned in passing that Mr. van der Bergh (?) may go to Guinea as a U.N. tax expert.

13. ECLA Planning Group. Reference was made to the resolution passed at the recent ECLA meeting in Panama requesting that ECLA set up a planning group to help governments in their planning operations. According to Mr. de Seynes, ECLA now intends "to get down from a macro-economic approach" and be more practical. The ECLA proposal is to use both its own staff and personnel recruited ad hoc as a joint team which

would go to countries for varying periods, from four months to a year, to help in setting up planning machinery and to work out methodology. These teams would not be intended to work on policy problems. One such team is presently in Colombia and another is in (or about to go to) Cuba.

14. Costa Rica. Costa Rica has asked the U.N. for a fiscal adviser and a general economic adviser.

15. Bolivia. Bolivia has asked the United Nations for a planning group on a large scale. The U.N. proposes to send Heurtematte to La Paz in the late summer to see what can be done and will take no action on the request in the meantime.

16. Panama. The U.N. has received several requests from Panama for experts under the OPEX program, including one on planning.

17. Ecuador. The U.N. is seeking for a successor to Rey Alvarez in the Planning Office. A Mr. Nunn (?) (who formerly served in Brazil) has been proposed by the U.N. and accepted by the Ecuadoreans but, for some reason not specified, he may not be sent.

18. Venezuela. The United Nations is undertaking a \$1 million program of technical assistance to Venezuela; of this amount, the U.N. is putting up \$290,000 itself and the remainder is being put up by the Venezuelan government. Dillon Myer is head of the United Nations team, with particular responsibility for the public administration group. Mr. Smith, former Finance Secretary of Singapore, is adviser on fiscal administration. Mr. Heurtematte described the program as a "massive operation" but he said that, on the basis of personal investigation in Caracas, he was convinced that it was a very orderly program and that all the experts could be absorbed. He said that great enthusiasm was being shown by both government and experts and particularly by Dillon Myer. Mr. Philip Schereschewsky has been proposed for industrial adviser for Venezuela.

19. Haiti. The U.N. described their program as "in a mess." The Haitians are now talking with TAB about designating a resident representative in Haiti who would also act as economic and planning adviser.

20. Jamaica. Mr. George Cadbury is finishing his economic advisory work in Jamaica this summer.

21. Trinidad. Trinidad has asked the United Nations for a short-term port expert.

22. Brazil. The U.N. is trying to find an expert to advise Brazil on its Nordeste plan.

RHD:tf

cc: Messrs. Knapp, Aldewereld, Cope, Rist, Rosen, Rucinski and Schmidt

Mr. H. van Helden

April 29, 1959

A. Wubnig

United Nations Transport Economics Division

1. At Mr. Demuth's suggestion, I was visited last week by Mr. Ehrenroot, a Swedish national, who is chief of a Transport Economics Division now being established at UN. It will be attached to the Bureau of Economic Affairs, and will work closely with the Inland Transport Committees of ECE, ECAFE, ECLA, and ECA, and with other international agencies, such as ICAO and IMCO, which are concerned with particular fields of transportation.
2. Mr. Ehrenroot wishes to make full use of the Bank staff's knowledge of the transport economics of particular countries. Immediately, he wishes to consult us regarding a future seminar on African transport which will be held at Addis Ababa, the seat of the newly established Economic Commission for Africa.
3. In particular, Mr. Ehrenroot would like me to meet his staff to discuss some of the main problems of African transport in order to help start planning the seminar. He has suggested my visiting him in New York for this purpose in the near future, and is prepared to come to Washington in his turn for further discussions.
4. I believe we ought to comply with Mr. Ehrenroot's request, taking care, however, not to get the Bank committed to any definite setup, work program, or policy. No such danger exists, I believe; Mr. Ehrenroot's only concern seems to be to have us help him develop an agenda, not to involve us in a UN venture.
5. When I mentioned this matter to Mr. Demuth today, he said that he thought it was a good idea which could properly be followed up.

*aw*  
AWubnig:ms

cc: Messrs. Squire  
Demuth

*Econ Affairs*

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NEW YORK

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FILE NO: EC 131/2(6)

27 April 1959

Dear Enrique,

In the absence of Mr. Hill, may I, with thanks, acknowledge your letter of 23 April 1959, relevant to resolution 1323 (XIII) of the General Assembly. Please be assured that your paper is most helpful and most welcome.

Since our report under this resolution will not so much deal with things that are actually being done, nor will it describe resolutions actually adopted, but instead, will mainly concentrate on proposals that can be described as important "pending business" we plan to use the first part of your statement dealing with increasing development finance, which forms the bulk of your statement. The last paragraph of section 1 is already dealt with, because it is mentioned in the U.S. reply which we have under resolution 1316 (XIII) and which under resolution 1323 we are asked to take into account in this report. This relates to the question of the International Development Association.

Section 2 of your statement, dealing with technical assistance is a description of what the Bank is doing now, particularly the Development Institute. Since this does not seem to come under the heading of "pending business", I hope you will not mind if we do not include it in the report.

Yours sincerely,

*H.W. Singer*

H.W. Singer  
Principal Officer on Special Duty,  
Office of the Under-Secretary for  
Economic and Social Affairs.

Mr. Enrique Lopez-Herrarte  
Liaison Officer  
Technical Assistance and Liaison Staff  
International Bank for Reconstruction and Development  
1818 H Street N.W.  
Washington 25, D.C.

1020 VBU SA BN 0: 00  
BANK FOR RECONSTRUCTION  
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BANK MAIL ROOM

1959 APR 29 PM 4:09

Washington 25, D.C.  
1378 N. 24th St. N.W.  
International Bank for Reconstruction and Development  
Description Assistance and Liaison Staff  
Liaison Office  
Attn: Mr. Robert H. ...

Enclosure and receipt attached.  
Office of the Legal-Research and  
Liaison Office on Economic Policy  
N.W. ...

*Handwritten signature*

Don't ...

... we do not ...  
... regarding of "Banking ..."  
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association.

This relates to the question of the International Development  
Resolution 1353 as it is asked to take into account in this regard.  
Under the new ... Resolution 1376 (XIII) and under ...  
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... Resolution ...  
... since ... this Resolution ...

... and ...

of the ...  
... of 23 April 1958, relating to Resolution 1353 (XIII)  
... in the presence of Mr. ...

Best ...

EC 137/s(e)

21 April 1959

NEW YORK

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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FROM: The Secretary

WBG ARCHIVES

April 28, 1959

PROVISIONAL SUMMARY RECORD OF MEETING OF ECONOMIC AND SOCIAL COUNCIL AT WHICH REPORTS OF INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL FINANCE CORPORATION WERE CONSIDERED.

MEXICO CITY, APRIL 10, 1959

(The summary proceedings below followed the address made by Mr. Black (SecM/59-67 dated April 8, 1959). Certain statements, insofar as they made no reference to the Bank or IFC have been omitted.)

MR. NAVARRETE (Mexico) The fiscal year 1957/58 had been the most active in the Bank's history. It had granted thirty-four loans amounting in all to nearly \$500 million, which was twice the annual average of the first ten years, and the latest available information showed that the expansion was continuing.

During its twelve and a half years of operation, the Bank had granted loans totalling \$4,300 million, more than three-fifths of which had been assigned for investment in under-developed areas. Those loans, while enabling the borrowing countries to increase their productive capacity and raise their living standards, had also had favourable effects on the industrialized countries, since their industries had exported the capital goods necessary for the execution of the projects financed by the Bank and would, in the years to come be able to sell more to the under-developed countries because the real income of the latter was being increased.

The financial year 1957-58 had also been the Bank's most active one on the international capital market. It had issued new bonds totalling \$650 million in twenty-six countries, the participants including both banking institutions and private investors. Outside participation in the Bank's loans - without the Bank's guarantee - had risen by 50 per cent, after having fallen during the two preceding financial years. On several occasions the Bank had granted loans to borrowers who had simultaneously sold bond issues on the United States market. It was to be hoped that those operations would continue to expand, as they pointed the way to new methods of financing economic development.

Distribution

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	Department Heads		



The results obtained by the Bank were the more remarkable as the economic situation had been highly unfavourable to the primary producer countries. After an uninterrupted expansion since 1952, world trade during 1958 had declined both in volume and value and the under-developed countries had been the worst sufferers. The rate of growth of industrial production had again dropped in 1958 in all regions, principally by reason of the recession in the United States. Imports, however, had fallen less in the United States than in Western Europe, where there had been a drop of 7 per cent. Between the first quarter of 1957 and the middle of 1958 the international price index of primary commodities had declined by 10 per cent, while the average prices of manufactures had increased by approximately 1 per cent. Thus the countries exporting raw materials and importing manufactured goods had suffered a loss in their importing capacity amounting to approximately three times the value of the loans which the Bank had granted to them in 1957/58. Their gold, dollar and sterling reserves had declined and, despite the allocation of foreign credits, their investment programmes, particularly in the infra-structure projects financed in the public sector had been seriously affected. The Bank thus had a greater obligation than ever to intensify its efforts, in order to help the under-developed countries in overcoming those serious difficulties.

In that connexion, Mexico's experience had proved satisfactory. It had received substantial medium-term commercial bank loans for financing projects which had to be paid for largely in domestic currency. With the help of foreign development loans in certain key sectors, it had been able to diversify its economy and establish many manufacturing industries capable of supplying part of the capital equipment needed for further industrialization. It was particularly fortunate that the Bank had authorized Mexico to apply a significant part of a recent loan towards the acquisition of domestically produced equipment. The foreign exchange would pay for raw materials purchased abroad for the use of local industry.

Another favourable development had been the strengthening of the gold and dollar reserves of the Western European countries, which had recently enabled them to make their currency convertible on outside markets. That development, to which the Bank had contributed, should encourage those countries to increase their assistance to the developing areas.

Lastly, the Mexican Government welcomed the decision to double the Bank's capital which showed that Member States were determined to speed the development of the world economy.

MR. SCHURMANN (Netherlands) said that the Netherlands Government regretted that the cautious policy of the International Finance Corporation obliged it to restrict its activities to the relatively more advanced of the less-developed countries. For example, the IFC had not yet made any investment in an African country. Yet it had been created for the promotion of economic development in all the under-developed countries.

The loan of one and a half million dollars for the construction of a steel forging plant in India seemed to indicate a turn toward greater flexibility. Although the Statute of the IFC made no provision for investment in share capital, the loan contract provided that, after four years, payment of interest on the debt would be contingent on the amount of earnings. It was to be hoped that the IFC would continue along those lines in the future and that a greater number of countries in all continents would benefit from its activities.

The activities of the International Bank, during the year under review, had continued to cover an ever-widening range. The geographical distribution of loans was becoming better balanced every year and an increasing number of the Bank's operations, both active and passive, had been carried out in currencies other than the dollar. Africa had already received a certain number of loans, but it was to be hoped that, as a result of the appeal from the Economic Commission for Africa, the Bank would give that continent special attention.

The non-lending activities of the Bank had also increased in importance. It had been a major factor in the success of the negotiations leading to a settlement of the terms of compensation to be paid in consequence of the nationalization of the Suez Canal. It had also met many requests for technical assistance, and the Economic Development Institute, now fully financed out of the Bank's funds as a regular part of its activities, had been training officials of the less-developed countries in economic administration. Lastly, the Bank had co-operated with the United Nations Special Fund.

It was gratifying to note that the Western European countries were becoming increasingly important as buyers of the Bank's bond issues. Private Western European banks had participated in certain operations, such as the loan of \$15 million to Petroleos Mexicanos for the purchase of capital equipment.

The most important event of the year had been the Bank's decision to increase its capital from \$10,000 million to \$21,000 million. The Netherlands Government warmly supported that decision. With its increased resources, the Bank could play an even more vital part than before. The Bank would also have more resources available through the release envisaged by certain member countries of the 18 per cent of their subscriptions which was payable in local currency. The Netherlands Government, for one, intended to release the balance of that portion of its share within the next few years. As a result of the external convertibility of the guilder, its contribution would be freely convertible into any currency.

MR. ENCKELL (Finland) noted that the Bank had been very active in 1957/58 and that, in all likelihood, its operations during the next financial year would be even more extensive. In granting long-term loans amounting to a considerable total, the Bank had stimulated the direct flow of international private capital; in certain cases, for example, the Bank's bond issues had been accompanied by private issues. Having regard to this expansion of the Bank's activities, the Board's approval of the proposal that it should double its capital was highly welcome. He hoped, moreover, that the external convertibility of most of the Western European currencies would help to widen the Bank's borrowing possibilities on the world capital markets and allow effective use to be made of the 18 per cent portion of their subscriptions which Member States would gradually release. Finland, for its part, had agreed in February 1959 to the gradual conversion of that portion of its subscription into any currency which the Bank might require for its operations. In that connexion, he recalled that the Bank had recently granted Finland a new loan, the seventh in ten years, which would be used for the development of the Finnish pulp and paper industry. The loan showed that the Bank shared the Finnish Government's confidence in that industry.

The International Finance Corporation performed a very useful function in supplementing the work of the Bank and the Fund. It was to be congratulated on the wise and flexible manner in which it was diversifying its investments.

MR. DUDLEY (United Kingdom) paid a tribute to the part played by the International Bank in the economic development of the under-developed countries.

The United Kingdom Government had from the outset given the Bank its wholehearted support. Its subscription was second only to that of the United States. The 2 per cent of that subscription paid in gold was over £9 million sterling, and the 18 per cent payable in sterling amounted to nearly £84 million. Almost the whole of the latter sum had been set aside by the Bank for loans to countries of the Sterling Commonwealth. Since the United Kingdom Government had agreed to a more rapid rate for the use of its sterling contribution, over half of the sums earmarked for those countries had already been invested, and only about £10 million remained to be spent. Furthermore, as the result of a recent decision, borrowers were now at liberty, subject to the limitations imposed by the Bank itself to use the funds derived from the United Kingdom's subscription to finance imports from any country.

The Bank's report brought out the increase in the volume of its lending operations. That increase was welcome, for it would undoubtedly speed up the progress of the less developed countries.

There was an ever-increasing flow of private capital from different parts of the world to the Bank, which in its turn lent those funds in various countries. The Bank had acquired an excellent reputation both as a borrower and as a lender.

The United Kingdom had given its strongest support to the proposal to double the Bank's capital. The legislative action needed to enable it to pay its new subscription had now been completed, and it was to be hoped that all the Governments concerned would similarly be able to secure the appropriate authorizations. The United Kingdom Government also welcomed the decision to enable Canada, the Federal Republic of Germany and Japan to increase their subscriptions to the Bank's capital to a proportionately greater extent than other countries. That decision reflected the importance of the part played by those countries in the world economy.

The Bank also continued to render most useful services in connexion with technical assistance. The Economic Development Institute held training courses which had been attended by many senior officials from territories dependent upon the United Kingdom and would make its staff available for a seminar on economic development to be held in Jamaica in summer 1959. In addition the Bank had met various requests for survey or advisory missions. For example a survey mission was to go to Tanganyika in June 1959. Lastly, the Bank had established working arrangements with the United Nations Special Fund.

The United Kingdom had also given its support to the International Finance Corporation and, as in the Bank's case, made the second largest contribution. IFC had invested a large portion of its funds in Latin America and had, inter alia, financed two projects in Mexico, where it had applied the very sound policy of denominating its loans half in dollars and half in pesos. While IFC was as yet operating on a relatively modest scale, there was every reason to think that its activities would expand greatly in the future, especially in view of the high quality of its management.

Mr. PINIES RUBIO (Spain) said that the International Bank's intensive activities were clearly reflected in the fact that during the previous year the loans it had granted had amounted to no less than 75 per cent more than the average figure for the three preceding financial years. The recent recession in the United States, which had had an effect on the economic position of many countries, had ended and the Bank was preparing to expand its activities. In that connexion, the relationship between the Bank and the Development Loan Fund was of particular importance.

Spain's bilateral relations with the United States had enabled it to avail itself of the credit facilities of the Development Loan Fund. It had received two loans: one for the development of its railways and the other for rural development. The Development Loan Fund, which granted loans for projects with which the Export-Import Bank did not concern itself, was an important source of funds and he hoped that its capital would be increased. Moreover, it was to be hoped that the United States would accept the Bank's suggestion that an International Development Association should be set up, for that institution would make it possible for the less developed countries to receive long-term loans repayable in local currency.

There was every reason to believe that the circumstances which had compelled the Bank to increase its interest rate to 6 per cent in October 1957 would not recur. The reduction to 5 3/8 per cent in May 1958 augured well for the future.

His delegation was most appreciative of the reference in the Bank's report to Spain's subscription of 1,000 shares of capital stock with a total par value of \$100 million. It had informed the Bank that it was prepared to support the proposed increase of the Bank's capital.

Mr. PHILLIPS (United States of America) said that the International Bank's report of its operations during the previous year was a record of outstanding achievement. The Bank had achieved the highest rate of lending in its history, having committed loans to a total of almost \$700 million to less developed countries. It was indeed a truly international financing institution capable of providing large amounts of capital to countries in the process of development.

The chief recommendation in the Bank's report - that there should be a substantial increase in its capital in order to strengthen its capacity to borrow funds for financing economic development in member countries - was nearing fulfilment. The United States' portion of the proposed capital increase had already been approved by the Congress. Similar action by other members of the Bank could confidently be hoped for.

Perhaps the most significant aspect of the loans which the Bank had made in the recent past was the preponderant support which it was giving to the less developed nations. Of the twelve countries aided between 1 July 1958 and 31 January 1959 three had been in Asia, two in Africa, five in Latin America and two in Europe. Even more noteworthy was the fact that of the \$441 million lent during that period \$322 million, or 73 per cent, had gone to the less developed countries.

The observer from the Philippines had informed the Council that of the \$34,000 million of United States capital invested abroad 90 per cent had gone to Canada, 7 per cent to Latin America and 3 per cent to the rest of the world. In point of fact, in 1957, 35 per cent had been invested in Latin America, 33 per cent in Canada, 16 per cent in Western Europe, 9 per cent in the Middle East and Africa and 7 per cent in the rest of the world.

Apart from its financing activities, the Bank performed many other important functions on behalf of newly developing countries. A special tribute should be paid to it and to its President for their constructive role in international diplomacy and for having used their good offices to promote the amicable settlement of difficult economic controversies between member Governments. The satisfactory conclusion of arrangements for the payment of compensation arising out of the nationalization of the Suez Canal was a case in point.

The International Finance Corporation (IFC) had made an encouraging though modest beginning. It was intended to be a catalytic agent to encourage the flow of private capital into productive enterprise. It had already invested in a number of enterprises in different countries. There was every indication that the IFC would find a useful role among the expanding number of international and national agencies which were marshalling the financial resources of the free world for development purposes.

The agreement reached a few days earlier to establish an Inter-American Bank with an initial capital of \$1,000 million was a new milestone along the road of economic co-operation among the American States. The United States hoped that the new Bank would profit from the experience of the International Bank and make a similar contribution to economic development in the Western Hemisphere.

Mr. ABELIN (France) said that the Bank's activities had shown remarkable progress during the previous year, when its loans had amounted to \$711 million as against \$396 million in the preceding twelve-month period. Its methods had become more flexible and its conditions less stringent. The proposed increase in the Bank's capital, which would enable it to make more extensive loans, for the benefit of the under-developed countries, met with France's approval and the necessary steps to increase France's quota would be taken in due course.

The pattern of the Bank's loans appeared to indicate that most of the funds were invested in infrastructure programmes in the beneficiary States and that few loans were made to promote processing industries. When the French Government granted loans, it was careful to ensure that processing industries received their fair share. Mr. Black could perhaps explain the reason for the Bank's policy in that matter.

The Bank was apparently experiencing some difficulty because of the lack of economic development plans. It would be useful if the Bank could help to prepare such plans, the lack of which rendered the process of industrialization more difficult. Closer co-ordination between the international financial organs and technical assistance units was also desirable.

With regard to the geographical distribution of the Bank's loans, he was glad to note that \$110 million had been lent to African countries. The economic development of Africa should be encouraged and the Bank's loans would do much to produce successful results.

France hoped that the International Finance Corporation, which had just started operating, would increase its activities and direct them towards sectors of the economy and enterprises which in its view should be encouraged.

Mr. ORTIZ MARTIN (Costa Rica) said that Costa Rica had obtained loans from the Bank to a total of \$6.5 million, which it had used to import capital goods such as fertilizers, farm machinery and equipment for light industry. Unfortunately the drop in the world market price of the primary products exported by Costa Rica made it impossible for his country to increase its capital for the purpose of promoting the development of its natural resources. In view of the fact that the prospects of foreign capital investment were not bright, Costa Rica had to obtain loans. They were, however, becoming more and more difficult to obtain and delays would only serve to reduce the beneficial effect they might have on the country's economy. Steps should be taken to speed up the procedure for the granting of loans, so that the funds could be put to immediate use where they would do the most good.

Mr. ZAHIRUDDIN AHMED (Pakistan), noting the substantial expansion in the activities of both the Bank and the IFC, expressed the hope that those activities would continue to gain momentum. During the year under review the Bank had made three loans to Pakistan which would assist in the development of vital sectors of its economy. They reflected increased emphasis on basic development and, in particular, on assisting development banks within the various recipient countries. The Pakistan Industrial Credit and Investment Corporation, which was responsible for organizing investment for the country's industrial development, had had the benefit not only of a Bank loan but also of a similar loan from the Development Loan Fund. It would continue to require assistance from both those institutions.

The increase in the authorized capital of the Bank, together with the increase in IMF quotas, reflected the growing need for more capital to assist the development of the under-developed countries. The establishment by the United States of the Development Loan Fund, too, gave promise of more financial assistance, as did the United Nations Special Fund. All those efforts represented a laudable advance in international financial co-operation.

The financial resources and institutions which had recently come to the fore were predominantly public or governmental. Not enough had yet been done to give impetus to the flow of private capital to the under-developed countries. It was inevitable, moreover, that the public sector should be the one to receive the bulk of assistance, since it embraced the most pressing needs, such as irrigation, power, communications and so forth. The Bank should encourage the flow of private capital by intensifying its efforts to secure the participation of private banks in financing the projects it assisted. The IFC, as the principal financial institution dealing with the private sector of economic development, should be expanded and its capital increased as soon as practicable.

Pakistan hoped that the Bank would continue to provide resources for economic development and guidance in solving difficult international monetary problems. It was grateful to the Bank for using its good offices in the matter of the allocation of canal waters between India and Pakistan and hoped that that issue would be resolved in an equitable manner. The visit the Bank was planning to make to India and Pakistan would be most helpful and he wished it every success.

Since loans granted by the Bank for basic development were by definition long-term loans, interest on them represented a substantial element of the cost of development. Although he recognized that the Bank had to operate according to rates at which it could borrow on the world market, he hoped that it would consider the possibility of reducing the amount of interest to be paid on loans, and, in particular the commission charge.

Mr. SERRANO (Chile) stressed the importance of the collaboration of the Bank with the United Nations Special Fund. Chile had consistently supported the establishment of the latter and hoped that it would expand its operations and meet the expectations of the under-developed countries. The present situation of the Special Fund, which was of course still in the experimental stage, was far from satisfactory. The Bank should devote special attention to assisting and guiding it, especially as the initial difficulties impeding the Bank's participation in the Fund's activities had now been resolved.

Chile shared the general approval of the increase in the Bank's authorized capital and hoped that the wider margin of manoeuvrability thus created would enable the Bank to participate to a greater extent in development plans. The participation of the Bank in the newly-created Inter-American Development Bank would have a great impact on the economic development of Latin America.

Chile had made great efforts to achieve sound financing of public utilities, but it should be recognized that the under-developed countries found it very difficult to fix adequate utility rates which would enable utilities to cover the real cost of their services.

Unfortunately the Bank's operations were frequently characterized by delays and unnecessary complications. Those delays might be due not only to the complexity of the problems with which it had to cope but to a shortage of staff to handle its expanded activities. He hoped that it would consider an increase in staff if necessary.

The countries of Latin America regarded the Bank as much more than a financial institution. They appreciated its role in the problems of the Suez Canal and in certain questions dividing India and Pakistan, and hoped that it would further expand its activities as a major organ of international co-operation. It would be useful, for example, for the Bank to undertake a thorough study of the total needs of the world for capital.

Mr. Mohamed AHMED (Sudan) reviewed the achievements of the Bank in the fiscal year 1957-1958 and expressed the hope that its loan activities would continue to expand and that it would play an even more active part in assisting development projects.

The share of agriculture in Bank loans had dropped in the period under review as compared with the share of power, transport and industry. While it was true that development in those fields assisted agriculture and widened the markets for agricultural products, his delegation would like to see an increase in direct loans to agriculture and irrigation, which were of special interest to primary-producing countries.

With regard to the geographical distribution of loans, he recalled his earlier statements in which he had urged that special consideration should be given to the countries of Africa in the light of their relative needs. He recognized, however, that the relative share of Africa had been increased, although only one-seventh of the total of Bank loans had gone to that continent. He was not denying the right of other countries to Bank funds, nor was he implying that loans should be made to Africa at the expense of others. Priority should be given where the need was more pronounced and where results were guaranteed in the long run. Increased loans to Africa would not only help the Africans to help themselves; they were a prerequisite to the flow of private capital.

The Sudanese delegation had been particularly impressed by the excellent results obtained by the Bank in the three principal functions in which it had been actively engaged. The first was the joint financing of projects by the Bank and government agencies and by the Bank and private financing institutions. The Bank's collaboration with the Development Loan Fund would speed the implementation of projects and reduce the pressure on the Bank's resources. It would also widen the scope of its operations and provide enough capital for large-scale projects. Since DLF loans were repayable in the currency of the borrowing countries, the strain on their foreign exchange reserves would be greatly relieved.

Secondly, the Sudan had been impressed by the Bank's assistance in establishing other financial institutions to supplement its operations, such as the International Finance Corporation and the new Inter-American Development Bank. It had also been co-operating fruitfully with the United Nations Special Fund and providing material aid to national banking institutions.

Finally, the Bank was to be commended for lending its good offices in mediating in problems of groups of countries. Its success in those operations was attributable largely to the ability, knowledge and experience of its President. It should, however, be wary of the political implications of certain matters in which it was called upon to mediate. He was confident that it would maintain complete impartiality in such questions.

The appointment of resident Bank representatives in various countries would not only facilitate loan operations but would be useful in connexion with the formulation of economic policies and general development planning. The Bank's survey missions to appraise programmes and give advice regarding priorities were also most valuable; the Sudan had recently been host to a number of such missions.

The Bank was to be congratulated upon the increase in its membership, the doubling of its authorized capital and its increased reliance on currencies other than United States dollars. The members of the Bank were to be commended for their response in releasing part of their capital subscriptions payable in their own currencies.



MR. BETETA (Mexico) said that his delegation doubted whether the International Finance Corporation was fulfilling the principal purpose for which it had been established, namely, the promotion of economic development by stimulating private enterprise, particularly in under-developed areas. Its doubts were in no way based on the assistance Mexico had received from the IFC: indeed, out of eleven loans authorized, three had gone to Mexican enterprises and a fourth was being negotiated; moreover, an exception had been made for Mexico in that the loans were repayable partially in local currency. Nevertheless, in the past two years of activity the IFC had made a distinctly limited contribution to the economic development of the under-developed countries. With a paid-up capital of a little over \$93 million, it had made available to borrowers the meagre sum of \$3,300,000, and out of 235 requests for credit it had classified only 7 per cent as projects with prospects for immediate action. The explanation given for the very small proportion of requests met was that 40 per cent of the 235 sent in were not in conformity with the By-Laws or policy of the Corporation. As for the remaining 60 per cent, the IFC report (E/3199) stated that they were based on preliminary plans and did not provide sufficient data on which to base an evaluation of whether or not they deserved financial support. Such large percentages raised the question whether it might not be wise to revise the IFC By-Laws or its policy.

Moreover, the IFC had attributed relatively little importance to the development of industries owned by the nationals of the borrowing countries. Indeed, most of the funds loaned had gone to private foreign enterprises situated in the under-developed countries.

There were, however, certain aspects of the Corporation's programme which were deserving of praise. One of those was the sound practice of making long-term investments on the basis of deferred payments, i.e. without requiring the capital it lent to be amortized within a few years; that meant that the borrowers could make their payments on the necessary short-term loans they obtained from other sources before the first instalments on their loans from the Corporation fell due. Another favourable aspect was that the Corporation's investments were being combined with larger amounts of funds furnished by private investors. That did not entirely coincide with the position set forth in the document published in Washington in August 1956, in which the Corporation had affirmed that even though it was able to obtain the funds required to make loans through the sale of its own bonds it did not plan to make use of them in its early years and that consequently the funds it had available for immediate investment would be limited to the amount of its subscribed capital. The position now taken by the Corporation was preferable, for even with the investment of the whole of its own capital its contribution to economic development would be minimal. It should therefore seek to inspire the necessary confidence to attract additional funds through the sale of its bond issues and, without unduly restricting its loans, should show a balance which could be respected by business and financial circles. Other optimistic notes were the affirmation that the Corporation now had sufficient experience to take greater risks while easing its requirements, and its expressed intention to use national currencies in larger amounts.

The Council did well to maintain financing of the economic development of under-developed countries as a major item of its agenda, for experience had shown how beneficial were the results of the activities of international credit institutions as a whole. His Government had participated in the studies envisaging the establishment of other institutions, such as the Inter-American Bank, to fill any remaining gaps. Analysis of the means of providing financing which would best contribute to the rapid economic development of the under-developed countries should be continued for there were many ways in which private and public capital could be combined to that end. The Mexican Government had on occasion expressed its preference for obtaining international loans of a public character, with a view to ensuring the channelling of such new funds into the areas of economic activity which could most directly contribute to national development, but that did not mean that it was hostile to private initiative. On the contrary, it not only gave private initiative all the necessary guarantees but actively encouraged it.

In February of the current year his Government had reviewed its investment projects and announced its new programme, the most important features of which were the intention to seek long-term foreign credits to be invested in the sectors which would do most to increase productivity, and the determination to continue scrupulously to respect its international financial obligations. Those considerations, together with the recent acceptance by Mexico of an Export-Import Bank loan, the negotiations for a loan from the International Bank for specific development projects, the loan being considered by the International Finance Corporation for an iron and steel plant in Mexico, and the support given by Mexico to the establishment of an inter-American development organization, showed that his country was eager to compensate for its financial weaknesses by having recourse to the most appropriate sources of foreign capital subject to no limitation other than the country's capacity to pay and respect for its sovereignty and laws. In order to ensure that the loans it received did not exceed its capacity to pay, Mexico insisted that they should be long-term loans and that the projects to which they were to be applied should have a sufficient productive capacity to ensure their amortization. Respect for the country's sovereignty and laws required that capital-exporting countries should abandon the idea that they were entitled to more favourable treatment than was accorded to national capital. There must be unequivocal recognition of the right of all peoples to receive loans without any infringement of their dignity or sovereignty and on the condition that such loans were truly a means of promoting their economic development rather than an instrument of intervention in their domestic affairs. His Government was firmly resolved not to accept any investments or foreign loans which might be incompatible with those requirements and at the same time was determined to ensure to present and future direct foreign investments the protection which the Constitution and Mexican law afforded to private property.

Mr. BLACK: I want to express deep gratitude on behalf of the Executive Directors, Managements and Staffs, both of the Bank and of the International Finance Corporation, for the many kind words which you have spoken about our operations. Certainly, for my own part, I would be hypocritical if I attempted to conceal the real pleasure I have derived from your generous praise.

But equally I welcome the statements of constructive criticism that some of you have made, and I can assure you that your various suggestions will be carefully considered. For, in this fast-changing world, no institution, if it is to remain alive, can stand still. Nor can any institution dealing with the vast and still unsolved problems of economic development afford to be complacent. What we have succeeded in accomplishing looks small indeed when measured against what remains still to be accomplished.

\* \* \* \* \*

I should like to say a few words in response to the statement of the distinguished delegate of France. The Bank shares the view which he expressed about the importance of industrialization. A number of our loans have, as you know, been in support of industry -- in fact, this year to date, almost 20% of our financing has been for industrial projects. But, of course, in many countries industry can develop rapidly only after the basic utility facilities have been provided -- power, railroads, ports and the like. In a very real sense, therefore, many of our utility loans have been loans facilitating industrial development.

There is a further consideration. Our Articles require a Government guarantee -- and private enterprise, which is in our view usually the most appropriate and most effective instrumentality for developing industry, is often reluctant to take or unable to obtain such a guarantee. This, indeed, was one of the main reasons why the Bank gave such enthusiastic support to the creation of IFC. It is also a principal reason why we are supporting and making substantial loans to local industrial financing institutions throughout the world.

The case of the Pakistan Industrial Credit and Investment Corporation, mentioned by the distinguished delegate of France, is not an isolated instance at all. We are supporting -- indeed we have helped to create -- similar institutions in many parts of the world -- in India, Turkey, Ethiopia, Ceylon and Iran, to mention a few and are studying other possibilities in several countries.

The distinguished delegate of France also suggested as of particular interest activities of the Bank relating to general programs of development. We agree with him -- and our staff has devoted much time and attention to this aspect of our work. Up to now, we have helped no less than 16 countries, at their request, in drawing up long-term development programs -- and we are now engaged in, or in preparing for, providing similar assistance for three more.

The distinguished delegate of Sudan emphasized in his statement the importance of agriculture. We agree with him -- and our general survey mission reports show the extent of that agreement. So far as our loans are concerned, many more of them are for agriculture than the statistics show -- for irrigation purposes loom large in our power loans, and agricultural development generally is the object of many of our road loans.

The distinguished delegates of Costa Rica and Chile made a plea for cutting "red tape" and delay in granting loans. No one dislikes red tape more than I do. Perhaps on occasion we have been guilty of unnecessary delays -- although it is a constant effort of management to speed our business as rapidly as is consistent with sound investment operations. Certainly we have moved aggressively to build up our staff as the amount of our business expanded -- in the past several years, to be specific, the number of our personnel has increased from around 400 to almost 650. I am proud to say we have been able to accomplish this without diluting the quality of our work.

Such delays as do occur are in most cases due to quite different causes. For one thing, the proper planning of large development projects -- including the engineering, financial and marketing aspects.-- is a difficult and time-consuming activity. It frequently takes much longer than impatient governments expect. For another thing, delays are frequently caused by the failure of governments, or governmental agencies, to take legislative or administrative actions which are necessary prerequisites to Bank investments.

A word now about the policy of the Bank in connection with the geographical allocation of its resources. I have said before, and I want to repeat now, that we have no quotas for any country, or any region. We have always stood prepared, and still stand prepared today, to finance any sound development project presented to us, which is properly planned and engineered and which has priority within the investment program of the member country concerned, provided only that servicing our loan is within the creditworthiness capacity of the borrower and that the money cannot be raised by it in the private market on reasonable terms. I think this is the only sound policy for us to follow and we intend to continue to follow it as long as our resources permit.

Finally, may I refer to what so many members of the Council and particularly the distinguished delegate from Mexico have said about the Bank's younger sister -- the IFC. All of us, I know, share the hope -- indeed, for my part, the confidence -- that this new institution will soon be able to accelerate its operations while still maintaining the high standards of investment which it has set for itself. To borrow from the graceful analogy of the distinguished delegate of France, I know we all want this still young girl to blossom forth quickly -- as young girls have a habit of doing -- so that when next we meet, IFC may be, not one who was invited too early to the dance, but a genuine belle of the ball.

\* \* \* \* \*

Mr. Chairman - This is, I believe, the 10th annual discussion by the Council of the report of the Bank in which I have been privileged to participate. As always, I have enjoyed and benefited by the debate; and as always the debate will serve as a stimulus to both the Bank and the IFC to exert ever greater efforts in the period which lies ahead.

Thank you.

Economic and Social Council

April 23, 1959

Mr. Martin Hill  
Deputy to the Under-Secretary and  
Personal Representative of the  
Secretary-General to the Specialized  
Agencies  
Department of Economic and Social  
Affairs  
United Nations  
New York 17, N.Y.

Dear Mr. Hill:

On behalf of Mr. Black I wish to acknowledge receipt of your letter of February 20, 1959, relative to resolution 1323 (XIII) adopted by the General Assembly at its last session.

Attached is a paper containing some suggestions of contributions made by the Bank to accelerate economic growth in the less developed countries as required by the above-mentioned resolution.

I hope that this paper is still in time to satisfy the needs of the Secretary-General in the presentation of his paper to the Economic and Social Council at its twenty-eighth session.

Sincerely yours,

Enrique Lopez-Herrarte  
Liaison Officer  
Technical Assistance and Liaison Staff

Ack Apr. 27

Enclosure

Special Delivery

April 20, 1959

Chief, Meeting Services  
Hotel del Prado  
Room 405  
Mexico, D. F.

Dear Sir:

I am sorry to have delayed sending you the correction for the Summary Record of the Economic and Social Council held on Friday, April 10, at which time the Council considered the Report of the International Bank. We would like to make a few corrections on pages 16 and 17 of the record so as to read as follows:

- Dr. Lopez gave the Summary Record to Mr. Mendels 4/20/59 SM

"Mr. Black (International Bank for Reconstruction and Development) said that the Bank welcomed the constructive criticisms offered in the Council, for no institution could afford to stand still and what had been accomplished in economic development was very little by comparison with what remained to be done. He shared the French representative's views on the importance of industrialization and pointed out that almost 20 per cent of the Bank's loans had been made for the purpose of financing industrial projects. In many countries, however, industrialization could be accomplished only after the basic utilities, such as power, railroads and ports, had been developed. Hence many of the utility loans made by the Bank had facilitated industrial development.

One important consideration which must be borne in mind was that the Articles of Agreement of the Bank required government guarantees on every loan it made. Private capital, which in its view was usually the most appropriate instrument for developing industries, was often unable to obtain, or reluctant to accept, such government guarantees. That was one of the main reasons why the Bank had enthusiastically supported the establishment of the International Finance Corporation and had made loans to local financial institutions throughout the world. The case of the Pakistan bank, mentioned by France, was not an isolated instance, for similar help had been granted to India, Turkey, Ethiopia, Ceylon and Iran and the possibility of extending it to other countries was being considered. The French representative had also referred to activity by the Bank in relation to general development programmes. The fact was that the Bank had devoted considerable attention to that matter: it had helped some sixteen countries to draw up long-term development programmes and was at present preparing to extend similar assistance to three other countries.

Chief, Meeting Services  
Hotel del Prado

April 20, 1959

The reports of the Bank's general survey missions showed the extent to which it agreed with the emphasis the Sudanese representative had placed on agriculture. Many more of the Bank's loans were for agriculture than the relevant statistics indicated, for irrigation requirements were one of the considerations involved in power loans and agricultural development was generally one of the objectives of loans for road building.

In reply to the pleas of the Costa Rican and Chilean representatives to reduce formalities and delay in the granting of loans, he said that a constant effort was being made to accelerate that process in so far as was consistent with sound investment operations. As business had expanded the Bank had increased its staff from approximately 400 two years earlier to some 650 at the present time, an increase which had been effected without detriment to the quality of the Bank's work. The inevitable delays in the granting of loans were due to a variety of causes. For example, the proper planning of large development projects included engineering, financial and marketing aspects, all of which had to be given adequate consideration. An even more basic cause was the frequent failure of Governments to take the legislative or administrative action which was a prerequisite for Bank investments.

With regard to the question of geographical allocation, the Bank had no quotas for countries or regions but was always ready to finance sound and properly planned development projects which had priority within the investment programmes of the countries concerned, provided that the servicing of the loans was within the capacity of the borrower and that it had not been possible to raise the necessary funds on reasonable terms on the private market.

In reply to the Mexican representative's comments on the International Finance Corporation, he expressed the confidence of the Bank that the Corporation would soon be able to accelerate its operations while maintaining the high investment standards which it had set for itself."

Sincerely yours,

Enrique Lopez-Herrarte  
Liaison Officer  
Technical Assistance and Liaison Staff



Mr. John G. Beevor

April 16, 1959

Richard H. Demuth

ECOSOC discussion of IFC annual report

During the ECOSOC debate on the IBRD and IFC annual reports in Mexico City last Friday, April 10, a number of delegations made short statements about IFC. The general tenor of the remarks was one of confidence in the IFC and support for its managements. Many of the speakers did express some disappointment that IFC had not yet invested larger sums, but they added that they recognized that it takes some time for a new organization to get into full operation, and that the type of business in which IFC is engaged cannot be developed quickly. Perhaps the most graceful statement was made by the French delegate who said that he thought that one of IFC's difficulties was that people had expected too much of it too soon, "like a girl invited to the ball too young."

At the end of the debate in the afternoon, however, the Mexican delegation, which had spoken in the morning about the Bank, asked to speak again and made a rather strong attack on IFC. Attached is a copy, in Spanish, of the Mexican speech. Since Mr. Black had to speak immediately thereafter, there was no time to prepare an answer to the Mexican delegate, and in any event it did not seem desirable to attempt such an answer. What Mr. Black did say about the IFC in his reply was as follows:

"Finally, may I refer to what so many members of the Council and particularly the distinguished delegate from Mexico have said about the Bank's younger sister -- the IFC. All of us, I know, share the hope -- indeed, for my part, the confidence -- that this new institution will soon be able to accelerate its operations while still maintaining the high standards of investment which it has set for itself. To borrow from the graceful analogy of the distinguished delegate of France, I know we all want this still young girl to blossom forth quickly -- as young girls have a habit of doing -- so that when next we meet, IFC may be, not one who was invited too early to the dance, but a genuine belle of the ball."

RHD:mo  
cc: Dr. Lopez

**HOLD FOR RELEASE**

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WORLD BANK



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N.W., WASHINGTON 25, D. C. TELEPHONE: EXECUTIVE 3-6360

Address by Eugene R. Black, President of the  
International Bank for Reconstruction and Development  
before the 27th Session of the Economic and Social Council of the  
United Nations, meeting in Mexico, D.F.

TO BE HELD FOR RELEASE UNTIL DELIVERY HAS BEGUN, EXPECTED  
TO BE ABOUT 10:30 A.M. FRIDAY, APRIL 10, 1959

Mr. Chairman, Members of the Council:

To appear before the Economic and Social Council here in Mexico is a special pleasure. When the Bank's Board of Governors held its Annual Meeting here seven years ago, we all felt that it was highly appropriate to be holding our discussions in a country where the process of economic development was fully under way. Now, even more than then, the visitor has a chance to see at first hand an economy in the process of vigorous growth. I hear that along the west coast of Mexico, more real wealth has been created in the past ten years than in the previous three hundred. In this region, the desert has truly been made to bloom: water has revived the land, and the fruit of the land has revived the towns and cities.

The Bank, through its loans, has been able to participate in development not only in the west, but in many other parts of Mexico as well. We have been impressed by the serious attention which Mexican leaders for the past 25 years have been giving to development, by the steadfast confidence of the country in a succession of able national administrations, and above all, by the energies and adaptability of the Mexican people themselves. Mr. Chairman, your Council could not have chosen a more interesting and appropriate place in which to carry on its discussions.

\* \* \* \* \*

When I last met with the Council, I told you that our rate of lending had reached a level markedly higher than any that had gone before. I can tell you today that we actually have exceeded the pace of which I spoke last year. In the past 12 months, the Bank has made 34 loans -- about one every ten days -- and has lent the equivalent of more than 750 million United States dollars.

About \$150 million of that lending was for projects in the Latin American republics, nearly all of it to enlarge projects or programs which we have been helping to finance in years past. Power programs accounted for the largest part: in Mexico, we lent \$34 million to help the Federal Electricity Commission expand its services; in Brazil we made a loan for the largest hydroelectric project yet undertaken in Latin America.

In Europe we lent about \$90 million. A feature of this lending was that most of it was carried out in conjunction with issues of the borrowers' bonds in the New York market. In Africa, we lent \$110 million, including our first loans -- both for transportation -- in Nigeria and the Sudan. Our rate of operations continued to be highest in Asia. There we made our first loan in the Federation of Malaya and lent over \$400 million in all. The bulk of this amount was committed for projects in India and Japan; and in conjunction with one loan from the Bank, Japan sold its first public offering of bonds in New York since before the war.

\* \* \* \* \*

As Chairman of the International Finance Corporation, I want to tell you that the Corporation's operations are also gathering momentum. You have before you IFC's Second Annual Report and the Supplement which describes its activities up to the beginning of last month. The Supplement shows that since the Annual Report the Corporation has made four investments: in an industrial rubber plant

in Australia; in a cement plant in Brazil; in flour milling in Guatemala; and in an industrial steel forging plant in India.

IFC has now made 14 investment commitments totaling \$13.3 million in seven countries. We estimate that every dollar invested by IFC has been accompanied by three dollars and a quarter of industrial and private capital, totaling about \$45 million. This illustrates the role of the Corporation in using its capital to supplement and attract other and larger amounts of capital, both domestic and foreign.

During the past year, members of IFC's management and staff have visited 38 countries, either to examine and discuss specific projects or to make contact with private businessmen and explain IFC's policies and operations. The Corporation considers this direct and personal contact an effective means of telling its story and stimulating the flow of proposals to it.

The Corporation continues to receive a substantial number of eligible investment proposals. It now has under consideration a considerably larger number that appear promising than it did a year ago. It is reasonable to believe that the Corporation will show a rising number of investments in each successive year, as happened in the case of the Bank.

\* \* \* \* \*

The Bank's technical assistance activities, in the nature of things, attract less attention than some of the other work of the Bank; but they continue undiminished in variety and importance. This week, for instance, a mission engaged in drawing up recommendations for a development program in Libya completes its field work and begins to return to Washington. The Bank has just sent to the Government of Thailand a report and recommendations on measures for economic development. The report results from a collaboration of more than a year

between a Bank mission and Thai economists; and in many cases, the report records recommendations that already have been put into effect. Similar survey missions are now being organized to go to Tanganyika and Venezuela. The Bank has continued to station representatives in the field whenever it appeared they could make a special contribution to development; and as you will remember, Bank representatives have been playing a special role in the study of development planning in Ecuador and Peru.

The Bank has been helping to carry out work of unique importance in the peaceful use of atomic energy. As you know, we and the Italian authorities two years ago organized a comprehensive study of the economic feasibility of an atomic power plant in Southern Italy. The study came to a final phase a few months ago when an international panel of experts, organized by the Bank, submitted to the authorities an analysis of the tenders received for the construction of the plant. This analysis examined the various alternatives which today's technology offers for the development of electric power from atomic fuels. The Bank intends in the near future to publish an extended summary of the panel's report, for its interest to professionals in the atomic energy field.

The Bank continues to encourage the growth and establishment of industrial development banks in many parts of the world. Right now we are assisting in the proposed establishment or reorganization of banks of this type in such widely scattered places as Bangkok, Lima, Teheran and Taipei. We helped launch a new industrial finance corporation in Karachi last spring which includes stockholders from Japan, the United Kingdom and the United States as well as Pakistan. And we are continuing to provide assistance of various types to other development banks which we have sponsored and helped to finance, in Ethiopia, India and Turkey. Because of the growing importance of this field of activity -- which

is still new and about which we still have much to learn -- we undertook last May to gather together in Washington the executive officers of industrial development banks in 11 different countries to discuss operating problems and policies of common interest.

When we met last year, I mentioned that the Bank stood ready to give all the help it could to the United Nations Special Fund, the new United Nations venture which was then in the final phase of planning. I can now report that the Bank has been actively collaborating with the management of the Fund, has detailed members of its own staff to assist the Fund in its organizing period, and is suggesting developmental surveys that the Fund may wish to consider for inclusion in its program of work. The Bank will continue to assist in any way possible.

As you know, the Bank has been acting as mediator in a number of disputes between member governments. The signing of a compensation agreement between the United Arab Republic and the reorganized Suez Canal Company last July was followed, in February, by a financial settlement between the Governments of the United Kingdom and the U.A.R. I am glad that the Bank was able to be of service in both these matters.

Of longer standing is the Bank's effort to bring the Governments of India and Pakistan together over the use of the waters in the Indus River system. Discussions between the Bank and the two governments are still continuing.

\* \* \* \* \*

Members of the Council are aware that most of the money the Bank lends is raised in the world's capital markets. Our rising rate of lending and our growing rate of disbursements on loans have required us to expand our borrowings. The past 12 months, in fact, have been one of the most active marketing periods in our history. We have sold just over \$630 million of bonds and notes -- three

fifths of it outside the United States. One fifth of it was sold for currencies other than United States dollars; and this amount included the sale in Germany just a few days ago of the largest issue of World Bank bonds ever to be offered to the public outside the United States.

The question of the Bank's capital, as you know, has been under study by our Board of Governors. A few weeks ago, the Board voted unanimously to approve a general doubling of the Bank's authorized capital, with certain further additions as well. It remains for the individual member governments to take specific steps to increase their subscriptions; and this action, I am glad to say, has been nearly completed by a number of member countries, including the United States and the United Kingdom. These steps do not, in most cases, call for additional cash payments to the Bank, but they will greatly enlarge the backing for the Bank's borrowings.

A number of other proposals have been made that would provide additional capital for development -- among them, proposals for regional institutions here in Latin America and in the Middle East. All in all, the prospects are good that the amount of public capital available for international assistance to development will continue to increase.

\* \* \* \* \*

This circumstance should be a powerful incentive for the developing countries to mobilize their own capital to the fullest possible extent. If there is a strong base in domestic savings, capital from outside may provide the necessary margin of success in the development effort; without it, no amount of international capital is likely to bring lasting success.

The Bank sees this in many aspects of the development process, but nowhere more so than in the field of public utilities. The Bank itself has lent more

than \$3,000 million for power projects, road and rail programs and other public services. This is better than three-quarters of all our development lending. In Latin America, nearly nine-tenths of our investments have been in power and transportation projects. And in all these cases, the Bank's loans provide only part of the prodigious costs involved. Our borrowers have had to invest considerably larger sums out of their own sources of capital.

A steadily expanding supply of essential public utility services is a requisite of economic growth in all underdeveloped countries today. Over the next decade, many thousands of millions of dollars in capital for these services must be found. There is simply no practical way to raise this money unless a substantial part of it is generated by the utilities themselves through adequate charges to the users of their services.

The Bank has been laboring this point for a very long time. We have held that it is dangerous for a developing country to be sentimental or politically expedient about things like railroads and power plants; that policies based on these attitudes only create an intolerable drain on the savings which are the lifeblood of every country's future prosperity. We have said that adequate utility rates are especially important in a country where there is no organized capital market. By "adequate" rates we have meant rates which enable utilities not only to cover the real cost of their services but also to retain out of earnings substantial sums each year to help finance the expansions which inevitably will be needed to sustain future growth. And we have made no distinction in advocating adequate rates between privately-owned and publicly-owned utilities.

We have at times been accused of being unduly rigid, if not even dogmatic in our insistence on these things. But in retrospect I am glad we have been firm. To be equipped financially for the long pull ahead, free governments have



no real alternative to allowing their utility managers to set adequate rates -- and then to adjust them promptly and proportionately whenever the cost of providing the services increases. There is simply no other way of attracting development capital -- domestic and foreign, private and public -- to these expensive but indispensable development enterprises.

I feel the Bank's insistence on sound utility finance is being vindicated today by events in many member countries. All over Latin America and in many other parts of the underdeveloped world, officials charged with the job of finding capital for development are themselves struggling to get a recognition of the simple principle that utilities should pay their way. President Frondizi of Argentina, in explaining his courageous stabilization program recently put the matter bluntly: "The deficits of the State enterprises can be traced to three essential causes: bad organization, excess of administrative personnel, and (utility) tariffs that are below the cost of operating the services.... No effort will be spared to achieve a reduction in the costs of these services and an improvement in their economic yield...."

Similarly, in Brazil, President Kubitschek recently said, "The impossibility of seeking in the investing public, or in the re-investment of profits of the utility itself, resources for the expansion of (utility services) transfers to the public budget or to government banks the whole of the responsibility for financing indispensable expansions, a burden which they will never be able to bear without directly or indirectly resorting to vast issuances of money. The resulting inflation, contaminating the whole economic body of the country, will then be the price to be paid for discouraging the best way of financing public services, i.e., through the users themselves."

Similar statements are being made in Chile and here in Mexico.

In India, today, the government is adopting new regulatory policies for its power utilities and the reason why is very instructive. One of the sources of domestic revenue counted on to finance India's Second Five-Year Plan has been yielding more by a good deal than had been expected. That source is the Indian railroads. The Indian railroads over the duration of the plan will have contributed, even after allowing for depreciation, the equivalent of half a billion dollars out of operating surpluses. This is no windfall; it is the result of good financial management. Because the Indian railroads do not represent a charge on the government's ordinary budget, because they provide so significantly for their own expansion and modernization from their own revenues, the government will have more resources available for things like schools and public health services. Quite naturally India's development authorities now want to get a similar result from their power utilities.

India's experience shows dramatically how, by relieving the general taxpayer from the burden of utility subsidies, more resources are available for the more human development needs. At bottom every underdeveloped country faces the same choice: Do you want subsidized power or do you want more schools? Do you want a free ride on the railroad or a city sewer system? These choices may be disguised in a rich country, though they exist there too, but in a poor country they stand out starkly against the scarce supply of savings available for development.

What in many minds has confused this harsh but inescapable choice, of course, is the notion that somehow subsidized utilities -- particularly artificially cheap power -- are necessary to attract industry and commerce. Why this notion has gained so much currency I do not understand. It is true

that large amounts of power are needed at low cost to make aluminum manufacturing pay. But for almost all other industries now being contemplated in the underdeveloped world it is how much is available, rather than how much is charged, which attracts industry.

A study prepared a few years ago showed that over a representative range of industries here in Mexico the cost of electric power averaged only 1.7% of total costs of production. The percentages ranged from a high of 3.8% in the paper industry to a low of 1% in textiles. In foundries and metal manufacturing operations it was 2%; in food processing, 1.6%; in wood-working industries, 2.4% and so on. If you compare power costs to the total value of production, the average percentage drops to 1.2%. This study did not cover all the industries in Mexico: in the cement industry power costs are a more important share of the total. But still, these figures make it most difficult to argue that it is marginal differences in the price of power which encourage or discourage an industry from establishing in a given location.

On the other hand, the price of power can make all the difference in the world when it comes to providing an adequate power supply. A case in point is the huge Kariba Gorge project in Central Africa. This project is being built in two stages. The first involves damming the Zambesi River and installing half a million kilowatts of capacity; it will cost about \$225 million. The second will bring capacity up to 1.2 million kilowatts at a further cost of about \$100 million.

When the project was first presented to us, the Rhodesian authorities said they intended to sell the power cheap. The rates they suggested, in fact, would have resulted in an actual loss. This faced the Bank with a big problem. Far from approving rates which would return a loss in the first stage, we wanted

rates which would return a substantial part of the money needed for the second stage, since we felt that without both stages the project could not justify the enormous investment involved.

After careful studies, the Bank recommended rate increases to yield about 35% more revenue from the first stage. Because this looked like a large increase the Bank undertook at its own expense a detailed survey of the power markets in the area to see how power users, present and potential, would be affected by such an increase. In no case, even among those industries which were very large power users or promised to be so in the future, was the increased cost more than a very small fraction of total costs. And everywhere we found willingness, if not eagerness, to pay a little more if that would mean a reliable and adequate power supply.

Today the first stage at Kariba is nearing completion. Instead of promising to be a monumental drain on the resources of the Rhodesian Federation, it promises to pay its way and to provide practically all the money needed to build the second stage. And the price of this promise can literally be figured as a fraction of a penny per kilowatt hour on the electricity bills of Kariba's many and diverse customers.

The case for making other utilities, like railroads, contribute capital from their own earnings for their own expansion is, I grant you, not so simply put. But, as the Indian railways show, there are great benefits to be had if these services can be financed outside the regular budget. As far as railroads are concerned, it can be said at the very least that direct subsidies for operating expenses from government revenues almost always represent an expensive luxury for a developing country. Any unnecessary or excessive expenditures on the provision of essential railway service, even if they can be financed

without inflation, can only mean less resources available for real development needs and for job-producing investment.

The strain on a developing country of the doctrine of artificially cheap power rates is bad enough. When the costs of other utilities are kept artificially high through what President Frondizi has called "bad organization" or "an excess of administrative personnel," the strain may well become intolerable. Make no mistake about it; the strain falls not upon any small group of people who might be able to bear it; it falls upon those least able to bear it -- those whose standards of living are most susceptible to inflation, those who pay the general excise taxes which most governments in developing countries rely on for the bulk of their domestic revenues. When these strains are justified as a means of accommodating commerce and industry, it simply amounts to soaking the poor to subsidize the rich.

If I have stated the case for sound utility finance in emphatic terms, it is only because I feel it hard to exaggerate how important this issue is to continued economic growth. I do not mean to minimize the great difficulties member governments face in trying to move from where they are now to such a position. We are not, after all, starting from scratch; everywhere there are more or less heavy legacies from the past to overcome which make it impossible to correct bad financial practices overnight. The problem is to get from where we are today to a position better suited financially for the long pull ahead.

Still the enormous sums, from domestic savings and from foreign investors, which are needed to keep utility services abreast the rapidly rising demand, make it imperative to discard old-fashioned, emotional attitudes towards utility finance and substitute common sense economy. This, in turn, means adequate rates; it means the prompt adjustment of rates at times of rising costs; it

means realistic valuation of assets and normal depreciation allowances. If these sound like strange slogans with which to rally people in search of a better material life, they nonetheless go to the heart of the matter. I congratulate those leaders in member countries who are speaking out so courageously for the right to make utilities pay their own way. They are pointing out one unavoidable requirement for escaping the mass poverty which is our common enemy.

\* \* \* \* \*

By singling out utility rates and their special relation to economic growth, I do not mean to leave the impression that all economic development can be reduced to this. Utilities are just as often the victims of inflation as they are the cause of it. And the gathering momentum of development in many member countries makes urgent a whole range of measures for financial stability if the resources which are available -- domestic and foreign -- are to lead to the higher living standards we all are working for.

In the Bank we stress these special matters because we want to see this race run to the finish. With so many countries now in full stride, it is tremendously important that we don't put unnecessary hurdles in our way, that the track be kept clear so economic growth can continue to gather speed. We in the Bank do not feel we are on the sidelines in this race; we feel we are running with each one of you. We are not disinterested observers, but partisans who want to win just as much as you do.

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FILE NO.: EC 121 (3)

*aws #10/59*

27 March 1959

Dear Mr. Demuth,

In pursuance of resolution 662 (A) of the Economic and Social Council, the Statistical Office is now preparing a second annual survey of international economic assistance to the less developed countries. This survey will follow closely the line of its predecessor, a copy of which is enclosed for reference purposes.

I should be grateful if you could again assist us in this work by furnishing some additional information on the Bank's activity, not currently available in the published reports. The material required is indicated in Tables I and II of the attachment to this letter.

I would also be of help to us if you could at the same time review the accuracy of the statistics already recorded in the attached tables and in Tables 10 and 11 of the first annual survey. Any comments you may care to make on the presentation there will be most welcome.

Yours sincerely,

*William R. Leonard*

William R. Leonard  
Director  
Statistical Office

Mr. Richard H. Demuth, Director  
Technical Assistance and Liaison Staff  
International Bank for Reconstruction and Development  
1818 H. Street N.W.  
Washington 25, D.C.

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*UN  
Economic and Social Council  
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Washington, D.C.  
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International Bank for Reconstruction and Development  
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Mr. Richard H. ...

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SECRETARIAT OFFICE  
DIRECTOR  
MILLIAM H. ...  
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Dear Sir:

Reference is made to the presentation of the ...  
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21 March 1959

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EC 151 (2)

UNITED NATIONS - ORGANISATION MONDIALE DE COOPERATION ECONOMIQUE

NEW YORK

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*[Handwritten notes and signatures]*



TABLE I: WORLD BANK LOANS TO THE LESS DEVELOPED COUNTRIES 1 JULY 1957 - 30 JUNE 1958

Country and region	Loans arranged		Effective Disbursements of Bank	Total Disbursements	Principal Repayments to Bank	Total Repayments
	Commitments of Bank	Original Principal				
AFRICA		(Millions of Dollars)				
Algeria	---	---	---	---	---	0.3
Belgian Congo	33.5	40.0	9.4	9.4	---	2.0
British East Africa	---	---	---	---	---	0.5
Ethiopia	---	---	0.2	1.2	0.4	0.4
French West Africa	---	---	---	---	0.6	0.6
Nigeria	27.6	28.0	---	---	---	---
Rhodesia/Nyasaland	19.0	19.0	18.8	19.8	---	2.0
Ruanda-Urundi	---	---	---	---	---	---
Total for Africa	80.1	87.0	28.4	30.4	1.0	5.8
AMERICA, NORTH						
Costa Rica	---	---	1.8	1.8	---	---
El Salvador	---	---	2.6	2.6	0.1	0.4
Guatemala	---	---	6.0	6.0	---	---
Haiti	---	---	---	0.1	---	---
Honduras	5.2	5.5	0.5	0.5	---	0.5
Mexico	42.7	45.0	11.6	12.7	0.1	2.7
Nicaragua	---	---	5.5	5.9	1.2	1.4
Panama	---	---	1.8	1.8	0.2	0.2
Total for North America	47.9	50.5	29.8	31.4	1.6	5.2
AMERICA, SOUTH						
Brazil	13.4	13.4	2.1	2.1	4.9	6.6
Chile	21.6	21.8	7.4	8.0	0.7	1.0
Colombia	---	---	10.7	10.7	5.1	6.1
Ecuador	19.8	20.1	2.9	3.1	0.1	0.1
Paraguay	---	---	0.4	0.4	0.2	0.2
Peru	14.6	15.0	6.4	7.4	0.4	1.6
Uruguay	---	---	6.1	6.1	1.5	1.8
Total for South America	69.4	70.3	36.0	37.8	12.9	17.4
ASIA						
Burma	---	---	3.9	3.9	---	---
Ceylon	---	---	4.3	4.3	---	---
India	148.8	165.5	150.3	153.9	0.9	3.4
Iran	---	---	49.0	49.0	---	---
Lebanon	---	---	1.4	1.4	---	---
Pakistan	48.2	49.2	6.8	6.8	2.4	3.9
Philippines	20.0	21.0	2.4	3.4	---	---
Thailand	66.0	66.0	6.7	6.7	1.5	1.5
Total for Asia	283.0	301.7	224.8	229.4	4.8	8.8
All under-developed countries	480.4	509.5	319.0	329.0	20.3	37.2

NOTES: "Commitments of Bank" have been obtained by deducting from the "Original Principal" the value of loans sold or agreed to be sold, together with any cancellations or refundings.

"Effective Disbursements of Bank" have been calculated from the statistics of the "disbursed portion" of "effective loans held by Bank" recorded in Appendix F of the 12th Annual Report and Appendix E of the 13th Report. Repayments of Principal made to the Bank during the year have been added to the differences between the figures of the two reports.

TABLE II: CONTRIBUTIONS OF MEMBER GOVERNMENTS TO AVAILABLE FUNDS OF  
WORLD BANK, 1 JULY 1957 - 30 JUNE 1958

Country or region	Increases in 2 per cent portion of subscription (Millions of dollars)	Releases of 18 per cent portion of subscriptions (In millions of U.S. dollars)
AFRICA		
Morocco <sup>1/</sup>	0.7	---
Sudan <sup>1/</sup>	0.2	---
Tunisia <sup>1/</sup>	0.2	---
Ghana <sup>1/</sup>	0.3	---
America, North	---	---
America, South	---	---
ASIA		
China (Taiwan)	0.1	---
Malaya (Fed. of) <sup>1/</sup>	0.5	---
Saudi Arabia <sup>1/</sup>	0.2	---
EUROPE		
Ireland <sup>1/</sup>	0.6	---
All countries	<u>2.8</u> 2.5	149. 148.6

<sup>1/</sup> New member.

Africa

Sudan

America, South

Honduras

Mexico

Peru

Asia

Australia

Burma

Ceylon

China

India

Iran

Iraq

Japan

Korea

Pakistan

Philippines

Thailand

U.S.A.

U.K.

Yugoslavia

1.8

18

0.2

0.8

2.9

3.9

33.2

1.2

2.7

21.6

6.0

1.1

3.0

0.8

1.8

2.7

2.2

76.3

0.8

8.5

0.2

1.0

0.2

6.6

8.1

23.8

0.8

66.6

148.6

TABLE 11 : CONTRIBUTIONS OF MEMBER GOVERNMENTS TO AVAILABLE FUNDS OF WORLD BANK, 1 JULY 1957 - 30 JUNE 1958

<u>Country or region</u>	<u>Increases in 2 per cent portion of subscription (In millions of U.S. dollars)</u>	<u>Releases of 18 per cent portion of subscription (In millions of U.S. dollars)</u>	
<u>AFRICA</u>			
Morocco ✓	0.7	---	
Sudan ✓	0.2	1.8	
Tunisia ✓	0.2	---	
Ghana ✓	0.3	---	1.8
America, North	---	---	
<u>America, South</u>			
Honduras		0.2	
Mexico		0.8	
Peru		2.9	3.9
<u>ASIA</u>			
Australia		33.2	
Burma		1.2	
Ceylon		2.7	
China (Taiwan)	0.1		
India		21.6	
Iran		6.0	
Iraq		1.1	
Japan		3.0	
Lebanon		0.8	
Malaya (Fed. of) ✓	0.5		
Pakistan		1.8	
Saudi Arabia ✓	0.2		
Philippines		2.7	
Thailand		2.2	76.3
<u>EUROPE</u>			
Austria		0.8	
Denmark		8.5	
Finland		0.4	
France		16.2	
Iceland		0.2	
Ireland	0.6	1.0	
Netherlands		0.2	
Norway		6.6	
Sweden		8.1	
U.K. pounds		23.8	
Yugoslavia		0.8	66.6
All countries	<u>2.8</u>	<u>66.6</u>	<u>148.6</u>

✓ New member

Treasurer's Department  
April 7, 1959

ROUTING SLIP		Date 3/10/59
NAME		ROOM NO.
<del>Mr. Gilmartin</del>		<del>612</del>
<del>Mr. Graves</del>		216
Bank Gen'l Mgr		
Action		Note and File
Appropriate Disposition		Note and Return
Approval		Prepare Reply
Comment		Per Our Conversation
Full Report		Recommendation
Information		Signature
Initial		To Handle
REMARKS		
From G.R.Y.		

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FILE NO.:

SO 121/2(3)

5 March 1959

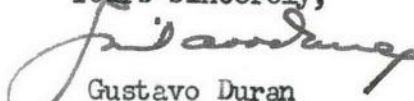
Dear Mr. Young,

Thank you very much for your letter of 3 March enclosing a draft copy of the Bank Mission Report on Thailand. ✓

As desired by you, we shall not make any public use of the report, or any part of it, until its final revision is completed and it becomes available for general distribution. Meanwhile, I am most grateful to you for providing us with the preliminary version, which we shall undoubtedly find very useful in connexion with our studies of development planning.

We are pleased to have the Bank's approval to use the final version of the report as part of the documentation for the Fifth Session of the ECAFE Working Party on Economic Development and Planning. I hope very much that the final form will become available in good time for the Working Party, which is due to meet in September 1959.

Yours sincerely,



Gustavo Duran

Special Adviser in charge of the  
Survey, Research and Development Branch  
Bureau of Social Affairs

Mr. George R. Young  
Assistant Director of Information  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington 25, D.C.

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March 3, 1959

Dear Mr. Duran: - *memoing Feb 26*

Enclosed is a draft of the Bank Mission Report on Thailand, as requested in your recent letters. We did not send you this before because the draft is still undergoing extensive revision here and we also await the comments of the Thai Government which are said to be in the mail to us.

As a result, the final version of the Report will differ radically from the enclosed. While you may be able to get some useful ideas from this draft, no public use should be made of it in case the passages concerned disappear from the final version or are considerably changed.

The Bank would be willing for the final version of the Report to be part of the documentation for the forthcoming Fifth Session of the Working Party on Economic Development and Planning. We do not expect, however, to have a final version even in mimeograph form for at least a month and possibly two months. We should not be willing for the enclosed draft to be used for the purpose.

Sincerely yours,

George R. Young  
Assistant Director of Information

Enclosure

Mr. Gustavo Duran  
Special Adviser in charge of the  
Survey, Research and Development Branch  
Bureau of Social Affairs  
United Nations  
New York  
New York

GRY:ap

*Ack Mar 5*

UNITED NATIONS



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NEW YORK

CABLE ADDRESS · UNATIONS NEWYORK · ADRESSE TELEGRAPHIQUE

FILE NO.:

SO 121/3(1) AFE  
SO 121/2(3)

26 February 1959

Dear Mr. Graves,

I wrote to you on 10 February asking you if it would be possible for the World Bank to send us a copy of the report of the Bank's Mission to Thailand. I am now writing again to remind you of this request as the report is urgently needed in connexion with our studies of balanced economic and social development.

While I realize that the report may not yet be available for general distribution, I had hoped that it would be possible for you to send us an advance copy or a draft. As you probably know, the Bank Mission to Thailand had worked closely with our Division of Social Affairs in ECAFE, and a particular contribution was made to the report especially from the standpoint of balanced development. Perhaps you could send us at least that part of the report. It may have been included in the final version or may be available as a separate study.

As I told you in my letter of 10 February, a proposal has been made to include the report of the International Bank Mission to Thailand as part of the documentation for the forthcoming Fifth Session of the ECAFE Working Party on Economic Development and Planning. Please let me know if the Bank would have any objection to this.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Gustavo Duran".

Gustavo Duran  
Special Adviser in charge of the  
Survey, Research and Development Branch  
Bureau of Social Affairs

Mr. Harold N. Graves, Jr.  
Director of Public Information  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington 25, D.C.

*Ack March 3*

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UNITED NATIONS  
NEW YORK



CABLE ADDRESS - UNITED NATIONS NEW YORK ADDRESS TELEGRAPHIC

26 February 1959

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Yours sincerely,

Gustavo Duran  
Special Advisor in charge of the  
Survey, Research and Development Branch  
Bureau of Social Affairs

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BANK MAIL ROOM

Mr. Harold A. Graves, Jr.  
Director of Public Information  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington 25, D.C.

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<b>ROUTING SLIP</b>		Date
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RE:	S	
<p>This is probably too late. But if you want further work done on it, will you speak to George Young?</p> <p style="text-align: right;">Hank</p>		
From	<div style="border: 1px solid black; padding: 5px; display: inline-block;">             Dew Banks           </div>	

UNITED NATIONS  NATIONS UNIES  
NEW YORK

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FEB 24 REC'D

FILE NO.:

20 February 1959

Dear Mr. Black,

I refer to resolution 1323 (XIII) adopted by the General Assembly at its last session. Under the terms of that resolution, the Secretary-General is requested to prepare "an analytical summary of various means to accelerate economic growth in the less developed countries through international action", for presentation to the Economic and Social Council at its twenty-eighth session in the summer of 1959. The resolution indicates that this summary should be based on "the records of the work of United Nations economic bodies during recent years and other appropriate materials...".

The Secretary-General proposes to deal in the summary with important general issues and proposals, which have been discussed in United Nations organs, relating to the promotion through international action of the economic growth of under-developed countries. He would like, however, also to include important issues and proposals discussed not in United Nations organs but in organs of the IBRD and other specialized agencies. Any suggestions you feel able to make in this connection would be welcomed; the Secretary-General would, further, be grateful if such suggestions, together, if possible, with actual drafts, could reach him by the end of March. A copy of an internal Secretariat note, which describes in greater detail the basis for selection of material for inclusion in the summary is enclosed.

.....

Yours sincerely,

  
Martin Hill

Mr. Eugene R. Black  
President  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington 25, D.C.

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Summary Series

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GENERAL FILES  
CORRESPONDENCE

FEB 24 12 01 PM 1959

Mr. Robert H. Black  
Director  
International Bank for Reconstruction  
and Development  
Washington 25, D.C.

WORLD BANK

Dear Mr. Black:

.....  
The Secretary-General's report on the situation in the Americas is enclosed. The report notes that the situation in the Americas is generally favorable, but that there are still some problems. The report also notes that the situation in the Americas is generally favorable, but that there are still some problems. The report also notes that the situation in the Americas is generally favorable, but that there are still some problems.

.....  
I refer to Resolution 1333 (XIII) adopted by the General Assembly at its 18th session. Under the terms of that Resolution, the Secretary-General is requested to prepare an annual report on the situation in the Americas for the General Assembly at its 19th session.

Very truly yours,  
Robert H. Black

20 FEBRUARY 1959

UNITED NATIONS - DIVISION OF ADMINISTRATION - ECONOMIC AND SOCIAL AFFAIRS

NEW YORK

FEB 24 1959

UNITED NATIONS



UNITED NATIONS

NOTES CONCERNING THE REPORT TO BE PREPARED  
UNDER GENERAL ASSEMBLY RESOLUTION 1323 (XIII)

1. Title and nature of the report

"Various means of accelerating economic growth in less developed countries through international action", a report to be submitted by the Secretary-General to the twenty-eighth session of the Economic and Social Council and to be based on the records of the work of United Nations economic bodies during recent years and other appropriate materials, including information to be received from Governments in response to General Assembly resolution 1316 (XIII).

2. Origin

This report will be prepared in response to General Assembly resolution 1323 (XIII). The discussion of this resolution took place at the 571st and 572nd meetings of the Second Committee of the thirteenth session of the General Assembly.

3. Materials to be included

(a) Important general issues and proposals which have been discussed in the principal organs of the United Nations relating to promotion of economic growth of under-developed countries through international action should be included in the report. This would cover proposals still pending, e.g., the question of a capital development fund, not acted upon, or rejected, as well as the proposals which had been adopted but are of continuing type or of the nature that could require further international action.

(b) Proposals similar to those above, but made by subsidiary United Nations economic bodies such as functional and regional commissions and their

committees should also be included in the report if they could be extended beyond a specific field of action or a region. For example, some decisions adopted in the past by the regional commissions relating to trade promotion may be of sufficiently major nature and also of more than regional character to be considered at the Council and Assembly level and should therefore be included.

(c) Proposals and recommendations of groups of experts, acting in their individual capacity, should be examined and included, if relevant.

(d) A similar approach as in (a), (b) and (c) should be applied to the work of the international organizations in the economic field, namely, ILO, FAO, IBERD, IMF and GATT.

(e) "Other appropriate materials" referred to in paragraph 1 should be clearly related to the United Nations bodies, e.g., the agreement concerning economic development of Central American countries is related to the EGLA activities and may contain clauses which should be included in the report.

#### 4. Materials not to be included

A selective approach should be used to the materials described under paragraph 3. It is not intended to include in the report every single means of accelerating economic growth in under-developed countries, but to limit the report to major and sufficiently broad categories since the report is to serve as a basis for discussion in the Economic and Social Council and the General Assembly of what further action should be taken.

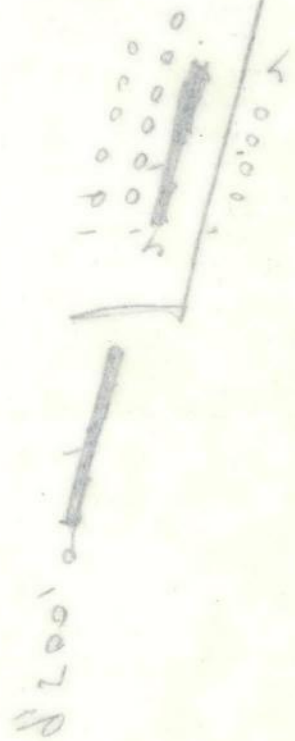
#### 5. Period to be covered

Mainly the last two years, but this period should be treated in a flexible way and be extended if it is felt that there were important proposals which should be described in the report even though they were made several years ago.

6. Organization of the material

(a) The material should be grouped under major categories such as international public funds for development, international trade, international flow of private capital, agriculture, land reform, industrialization, natural resources, etc.

(b) Each specific item should be described briefly in a summary form; it must have full and complete references to its origin and, if desired, be accompanied by pertinent information, e.g., specific studies relevant to a particular proposal already made or to action being taken by the secretariat of an international organization.



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NEW YORK

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FILE NO.:

SO 121/2(3)

10 February 1959

Dear Mr. Graves,

You may recall that early last summer I wrote to you regarding the report of the International Bank Survey Mission to Thailand, which by now must be ready and available for general distribution. As I told you then, the report of this Mission is of great interest to us from the point of view of our studies of balanced economic and social development.

A proposal has now been made to use this report as part of the documentation for the forthcoming meeting of the ECAFE Working Party on Economic Development and Planning. I shall appreciate it, therefore, if you would kindly have a copy of the report sent to me as early as possible. I need hardly add that, if the final version of the report is not yet ready, I should like to see it in whatever form it may be available.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Gustavo Duran".

Gustavo Duran

Special Adviser in charge of the  
Survey, Research and Development Branch  
Bureau of Social Affairs

Mr. Harold N. Graves, Jr.

Director of Public Information  
International Bank for Reconstruction  
and Development  
1818 H Street NW  
Washington 25, D.C.

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STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL  
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TO THE HONORABLE THE ATTORNEY GENERAL  
ALBANY, N. Y.

RE: [Illegible]

[Illegible text follows]

FEB 11 1959

Your ref.: EC 331/3 (2)

January 20, 1959

Mr. W. R. Leonard  
Department of Economic and  
Social Affairs  
United Nations  
New York 17, New York

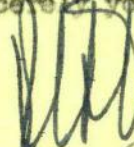
Dear Mr. Leonard:

I am writing in response to your letter of January 14, concerning the forthcoming meeting of the Advisory Committee on Industrialization.

As I indicated to you on the phone, I have made arrangements for Mr. Kenneth A. Bohr, of the Bank's Economic Staff, to participate in the deliberations of this Committee. I appreciate your sending to me the documentation prepared for the Committee, since this will be useful background material for Mr. Bohr.

With kind regards,

Sincerely yours,



Richard H. Demuth  
Director

Technical Assistance and Liaison Staff

RHD:tf

cc: Mr. Bohr

Cleared with Mr. Rist

Your ref.: EC 342(2)

January 14, 1959

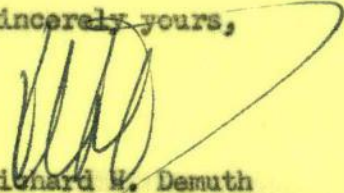
Mr. Martin Hill  
Deputy Under-Secretary for  
Economic and Social Affairs  
United Nations  
New York 17, New York

Dear Mr. Hill:

I am writing in response to your letter of December 31 to Mr. Black, enclosing a copy of resolution 649 B (XXIII) of the Economic and Social Council, relating to land reform.

As you know, the International Bank does not operate directly in the field of land reform. While some of our operations undoubtedly have some effect on land reform problems, none of them can properly be classified as coming within the type of activities listed in paragraph 2 of the resolution. Accordingly, I do not think there need be any mention of the International Bank in the report to be prepared by the Secretary-General.

Sincerely yours,



Richard W. Demuth  
Director

Technical Assistance and Liaison Staff

RHD:tf

Industry  
Econ & Social

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NEW YORK

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FILE NO.: EC 331/3 (2)

14 January 1959

Dear Mr. Demuth,

With reference to our conversation concerning the participation of the Bank in the meetings of the Advisory Committee on Industrialization, I wish to give you a few further indications concerning the Committee.

.....

In resolution 674 A (XXV), attached, the Economic and Social Council recommended that the Secretary-General appoint, in consultation with governments, an advisory committee of experts, consisting of not more than ten persons, for the purpose of reviewing the programme of work in the field of industrialization and making recommendations to the Secretary-General on the further development of this programme and its implementation.

Work under this programme, which was approved by the Economic and Social Council in resolutions 597 A (XXI) and 618 (XXII), began in 1956. A certain number of studies concerning various aspects of the problem of industrialization in under-development countries have been carried out under the programme. Other studies are currently under way and relate to techniques of industrial planning, including problems of implementation, size of industrial plant in under-developed countries in relation to markets, financing of small-scale industry, and other problems concerning industrialization, including social and demographic aspects. Substantive servicing of the United Nations technical assistance activities in the field of industry is also carried out by the Secretariat under the same programme.

The Committee will meet at United Nations Headquarters in New York on 4 February 1959 for a period of one week to ten days.

Mr. Richard H. Demuth  
Director, Technical Assistance  
and Liaison Staff  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington 25, D.C.

Ack Jan 20.

The provisional agenda of the meeting includes the following items:

1. Review of the current and planned work under the existing programme.
2. Further development of the programme, including work in connexion with industrial projects under the United Nations Expanded Technical Assistance Programme and the Special Fund.
3. Implementation of the programme.

.....  
.....  
.....

I am enclosing the provisional list of participants to the meeting, a title list of documents relating to the subject, and a memorandum prepared by the Secretariat for the members of the Committee.

We shall be happy if the Bank could find it possible to make arrangements for a member of its staff to attend the meetings of the Committee in association with us, as it appears to us that the matters under discussion might be of interest to the Bank.

Yours sincerely,

*W.R. Leonard*

W.R. Leonard  
Officer in Charge  
Department of Economic and Social Affairs