EXECUTIVE COMMITTEE

Second session

Item 7 of the provisional agenda

INTERIM REPORT BY THE SECRETARIAT REGARDING THE
RESOLUTION OF THE HAVANA CONFERENCE RELATING
TO ECONOMIC DEVELOPMENT AND RECONSTRUCTION*

1. The first part of paragraph 1 of the Havana Resolution relating to
economic development and reconstruction directs the Interim Commission
to examine the powers, responsibilities and activities in the field of
industrial and general economic development and reconstruction of
inter-governmental organizations and the availability of facilities for
technical surveys and studies.

2. The Second Session of the United Nations Sub-Commission on Economic
Development, ** held from 14 to 29 June 1948, was devoted primarily to an
examination of international aids for the mobilization of the national
resources of under-developed countries for their economic development.
The documents prepared for the Sub-Commission and the Report of its
Second Session provide comprehensive material on the powers,
responsibilities and activities of the United Nations and its Specialized
Agencies and their facilities for technical surveys and studies. The
following are the relevant documents attached as annexes:

* Annexes A, B, C, D, E, G, J are attached only to the copies
of this report which are distributed to members of the Executive
Committee (three copies to each) for use at the Second Session.
They are not attached to the copies for general distribution
as they have already been distributed by the United Nations as
Economic and Social Council documents. Additional copies of
these annexes are obtainable from the United Nations. No
additional copies of the complete document will be available.

** The Sub-Commission is a body of seven experts which reports to
the Economic and Employment Commission of the Economic and

/To be considered
To be considered as Annex A:


This Report was distributed at the Havana Conference and is attached herewith as a background document.

To be considered as Annex B:

Report of the Third Session of the Economic and Employment Commission held from 19 April to 6 May 1978 (E/790).

Part VII of this Report contains the recommendations of the Economic and Employment Commission to the Economic and Social Council regarding the Report of the First Session of the Sub-Commission on Economic Development. These recommendations will be considered by the Economic and Social Council at its seventh session commencing 19 July.

To be considered as Annex C:


This is the basic document prepared by the Secretariat of the United Nations for the Second Session of the Sub-Commission on Economic Development and sets out the powers, responsibilities and activities of the United Nations agencies as regards technical assistance for economic development and their facilities for technical surveys and studies.

To be considered as Annex D:


To be considered as Annex E:

Summary Records of the Second Session of the Sub-Commission on Economic Development (E/CN.1/Sub.3/SR.27 to 48 inclusive).*

During the Session representatives of the Secretariat of the United Nations and of the Specialized Agencies made amplifying statements.

* E/CN.1/Sub.3/SR.44 and 47 are not yet available. They will be supplied later.

/ regarding
regarding the technical assistance rendered by their respective bodies. The numbers following the names of the specialized agencies below indicate the summary records of the meetings at which these statements were made: ILO - 34, UNESCO - 35, International Monetary Fund - 35, World Health Organization - 35, FAO - 36, and International Bank - 37. Statements regarding technical assistance rendered by the United Nations in the field of welfare and by UNRRA, particularly in the industrial field, are to be found in the records of the 33rd and 34th meetings respectively.

Annex F:

Note by the Secretariat on Technical Assistance Provided by UNRRA.

To be considered as Annex G:


This is a basic document both because it records the conclusions of the Sub-Commission with regard to technical assistance and also because the appendix to the Report, prepared by the Secretariat of the United Nations, contains a summary of the technical assistance available or contemplated in the field of development through United Nations agencies.

3. In addition to the documents of the Sub-Commission on Economic Development the following documents relating to the activity of the United Nations and Specialized Agencies are attached:

Annex H:

Note by the Secretariat on the Activities of the International Bank for Reconstruction and Development.

To be considered as Annex J:

Report and Recommendations by the Secretariat of the Economic Commission for Asia and the Far East on training of technical personnel in the economic field and the use of expert assistance by governments (E/CN.11/33).

This Report was prepared for the third session of the Economic Commission for Asia and the Far East.

/Annex K:
Annex E: Resolutions on Economic Development and Technical Assistance adopted at the third session of the Economic Commission for Europe (30 April to 8 May) and the Economic Commission for Asia and the Far East (1 to 12 June) and at the first session of the Economic Commission for Latin America (7 to 25 June 1948)

N.B. A recommendation of an ad hoc committee to establish an Economic Commission for the Middle East will be considered by the Economic and Social Council at its seventh session commencing on 19 July.

Annex L: Note by the Secretariat regarding the special functions of the United Nations with regard to the economic development of trust and other non-self-governing territories.

4. The foregoing material relates to the activities and facilities of the United Nations and Specialized Agencies. With regard to other inter-governmental organizations, the Executive Secretary has approached the League of Arab States, the Pan-American Union and the Inter-American Development Commission, the Caribbean Commission and the Organization for European Economic Co-operation. Annexes M and N set out data respectively with regard to the American organizations and the Caribbean Commission.

5. The Secretariat has interpreted sub-paragraph (ii) of paragraph 1 of the Havana Resolution relating to economic development and reconstruction to apply to facilities for technical surveys and studies available from all sources and not merely to those facilities available from inter-governmental organizations. In fact, the volume of facilities for technical surveys and studies and the volume of technical assistance actually provided through inter-governmental organizations is a small part of the total. Whatever may be the advantages or shortcomings of one or other form or source of technical assistance or technical surveys or studies, it would appear most desirable that information regarding the facilities of governments and private organizations be placed before the Executive Committee. The Secretariat suggests that in order to assist it to compile and analyze data regarding such facilities, the Executive Committee ask governments members of the Interim Commission to provide information regarding the facilities which they themselves have on technical assistance to other governments and also regarding the facilities of private organizations in their respective countries.

/6. As at the
6. As at the date of preparation of this Interim Report, preliminary enquiries have been made with regard to facilities for technical surveys and studies of private organizations in the United States. It is clear that these facilities cover a very wide range, both as to source, form and terms. In the first place, there are philanthropic organizations which are not concerned in any way with making money and may devote resources to the provision of assistance free of charge. One of these philanthropic organizations is a non-profit corporation created to undertake demonstration and training programs in the fields of agriculture, education and public health in cooperation with the government and other public bodies of the countries concerned. In the second place, there are research organizations; one of these has made technological surveys in Argentina and Mexico against payment for services rendered but without profit. Thirdly, there are business enterprises which, while making a small profit or at any rate planning to cover their costs in the long run, have been established in order to promote economic development. There is a corporation of this nature which provides technical services on particular projects to public and private entities in under-developed countries and acts as a hiring agent on their behalf. This corporation offers its services not only to secure the best available technical personnel regardless of where it may be found but also to ensure the best utilization of such technical personnel. It renders services in the fields of public works and industrialization and seeks to carry out this task on as economical a basis as possible. Fourthly, there is the whole field of private enterprise of a commercial character.

7. The field of commercial enterprise in turn contains a considerable variety. There are a number of firms which act as industrial, engineering and management consultants and provide technical studies or advice against payment of fees to any entity which requests it. Some of these firms have already done a considerable amount of work in less developed countries, particularly in Latin America. Usually, they are concerned with specific industrial or engineering projects but in some cases these firms have ventured into wider fields such as the preparation of an economic development plan and appraisal of the natural resources of whole countries. Apart from these firms which provide advice or make studies on a fee basis independently of sales or investment, there are many other enterprises in the United States which provide technical assistance to entities in other countries as part of programmes of investment or sales. Such assistance may be of high quality although of course it is
liable to be biased in favour of the sales or investment interests of the enterprise giving the assistance. There are however other ways in which technical assistance is supplied by private enterprise. One large firm, for example, owns no subsidiaries abroad but makes agreements with foreign companies by which it provides technical assistance, including its patents and the results of an extensive research organization, on a continuing basis in exchange for royalties and other forms of financial compensation. While there is insufficient data available for comment on the sources, forms and terms of technical assistance provided by private enterprise, they tend to vary according to the nature of the industrial or other processes involved. For example, technical assistance from abroad may be required for the establishment of a power plant in a particular country but not for its maintenance which is comparatively much more simple. In the case of many manufacturing industries established in an undeveloped country, on the other hand, technical assistance from abroad must be a continuing process, lasting until such time as local technicians are adequately trained and, where it is desired to keep abreast of the latest technologies of the industrialized countries, often beyond this point. In the former case it may be appropriate to hire the services of a firm of engineering consultants. In the latter case a continuing relationship with a manufacturing company in an industrialized country may be appropriate.

8. The following conclusions appear to the Secretariat to emerge from a study of the problems of technical assistance as presented in the foregoing and annexed material.

(a) Technical assistance currently provided by inter-governmental organizations for the benefit of economic development or reconstruction is varied in character. It includes, for example, not only the despatch of advisory missions and individual experts to particular countries but also arrangements for the training of personnel abroad, the dissemination of published information and the holding of international technical conferences.

(b) Inter-governmental organizations have a special role to play as regards advice on over-all plans and programmes as distinct from advice on particular projects. In the former case their international character affords a guarantee of impartiality as well as the benefit of their ability to draw on expertise from all parts of the world. This is likely to be of particular importance to the governments of the least developed countries which may require advice of a preliminary and general nature as to what are the fields of possible economic development, which
should be examined further. The United Nations and the Specialized Agencies should be prepared to advise these governments on their initial plans and such governments will in many cases be well advised to take advantage of these services.

(c) Little or no technical work is being done by inter-governmental agencies of value in promoting economic development or reconstruction in the fields of "manufacturing industries, mining and metallurgy, power development and public utilities, road and other inland transport, public works and building activity and mechanical and civil engineering"* and no requests have been received from governments for direct technical assistance in these fields. One of the reasons why requests have not been received from governments for assistance in these fields is that public and private entities in the less developed countries have been applying direct to private enterprise in the industrialized countries.

(d) Even in the most highly industrialized countries the "pool" of technical personnel is limited. The most highly qualified technicians are already employed by governments, universities and research institutions or, especially in the case of industrial experts, by private enterprise. Inter-governmental organizations could not, if they wished, succeed in having on their own staff more than a minute proportion of highly qualified technical personnel in the innumerable specialized fields in which expertise may be required. Rather than employ "jacks of all trades" - specialists only in name - they should not seek as a normal rule to employ their own specialized technical personnel. Moreover in any case too much emphasis has been placed on the individual expert whereas both research and its practical application are nowadays mainly "group" activities and often the most efficient way for a new industry to be established in a less developed country is through the assistance of a large entity in that industry in one of the industrialized countries, if that can be obtained on satisfactory terms. In most fields and especially in the fields listed under (c) above the task of inter-governmental organizations is not to provide technical assistance themselves but to devise ways and

means of expanding the volume and improving the forms, terms and quality of the technical assistance available from other sources. For this purpose they should have staff and part-time consultants familiar with the needs and problems of less-developed countries, able to maintain close contact with public and private sources of technical assistance and competent to advise on the quality of technical assistance available from different sources.

(e) The most substantial programmes of technical assistance are those for which special funds have been made available, e.g. in the field of social welfare funds made available by the General Assembly of the United Nations and in the respective fields of FAO, WHO and UNESCO funds largely obtained from UNRRA. It is precisely in these fields where the cost of technical assistance is borne partly or wholly by the inter-governmental agency concerned that governments have made most requests for assistance. The availability of funds for such programmes is therefore a considerable factor in the effectiveness of inter-governmental organizations in giving technical assistance.

(f) There are now a large number of inter-governmental agencies and organs, functional and regional, with authority to provide technical assistance in the field of economic development or reconstruction. If all the various authorities were used, there would be a serious problem of effective co-operation and avoidance of duplication.

9. The second part of paragraph 1 of the Havana Resolution relating to economic development and reconstruction directs the Interim Commission to report upon:

"(a) the structure and administrative methods,
(b) the working relations with the United Nations, the Specialized Agencies and other inter-governmental organizations including regional organizations,
which will enable the International Trade Organization most effectively to carry out its positive functions for the promotion of the economic development and reconstruction of Members".

Before considering this, however, it is suggested that the Executive Committee consider in some detail and in the light of the preceding part of this Interim Report what the Organization should do in order to carry out its positive functions.

/10. These positive
10. These positive functions are, in the first place, those prescribed in paragraph 2 of Article 10 of the Havana Charter. This paragraph distinguishes, on the one hand, between studies of natural resources and potentialities for development and advice as to the formulation, financing and carrying out of plans and programmes - sub-paragraphs (a) and (b) - and on the other hand, studies of "technical assistance" - last sentence. In the former case the ITO may either provide a Member with studies and advice directly or it may aid a Member to procure studies and advice. In the latter case the ITO may only aid a Member to procure appropriate "technical assistance". This latter case is presumed to relate to assistance on specific problems or on specific projects. The functions in both these cases are expressed as obligations of the ITO, subject to three limitations:
   (a) they are subject to any arrangements made with the Economic and Social Council and appropriate inter-governmental organizations;
   (b) the functions must be carried on within the powers and resources of the Organization; and
   (c) the functions are only to be carried on after request by a Member.

11. In the second place, apart from assistance which the ITO may give to a particular government on request under Article 10, the ITO is empowered under Articles 11 and 72 to undertake studies and promote agreements in the interests of facilitating economic development or reconstruction. These positive functions under Articles 11 and 72 as well as under Article 10 are to be undertaken of course in accordance with Articles 86 and 87 which provide for effective co-operation and the avoidance of unnecessary duplication with other inter-governmental organizations.

12. It is suggested that the particular activities to be undertaken by the ITO be considered within the framework of the following policy and arrangements. The Havana Charter requires the ITO to take a comprehensive interest in economic development and reconstruction but it should not aim at undertaking itself any activities which are already being undertaken by the United Nations or other inter-governmental organizations, even though they are of a kind which fall within the functions prescribed for the ITO in its Charter. It should on the contrary maintain close contact with these organizations and encourage them to continue and, where appropriate, expand their existing activities. The ITO should, in particular, encourage the expansion of the activities of the regional economic commissions of the Economic and Social Council /and of their
and of their secretariats in view of the great advantages these bodies enjoy in maintaining contact with the countries in their regions. The task, which the ITO should take upon itself, should be to fill those gaps which either cannot be filled by other inter-governmental organizations or which for special reasons can most appropriately be filled by the ITO. The carrying-out of this policy would require frequent consultation and close co-operation with the other inter-governmental organizations concerned. It is suggested that, in addition to direct consultation, there should be some machinery, perhaps in the form of a committee within the framework of the Secretary-General's Co-ordination Committee" able to review from time to time the plans and programmes of the various inter-governmental agencies and make recommendations as to new activities and the allocation of responsibilities between the various agencies in the field of economic development and reconstruction. 

13. In the light of the conclusions suggested in paragraph 8 and of the policy and arrangements suggested in paragraph 12 the following are activities which might be undertaken by the ITO in its initial programme:

(a) Maintain contact with both the sources and the recipients of technical assistance especially in the fields listed in paragraph 8 (c) above so as to be able to act promptly and effectively in regard to any requests received from governments under Article 10.

(b) Study ways and means of expanding the volume, enhancing the quality and improving the forms and terms of technical assistance at present available. In this connection prepare and publish a register of public and private entities able to supply technical assistance and make technical surveys or studies in such fields as those listed in paragraph 8 (c) above. In order to avoid arbitrary decisions as to which entities should be included in the list it might be desirable to include on the register all entities which desire that they should be included. Such entities would then be asked to answer a questionnaire giving comprehensive information.

* The Co-ordination Committee was established by resolution of the third session of the Economic and Social Council to consist of the Secretary-General of the United Nations and the heads of the Specialized Agencies for the purpose of ensuring the implementation of the agreements between the United Nations and the Specialized Agencies. At the sixth session of the Council the Committee was renamed the Secretary-General's Co-ordination Committee and was particularly requested, with reference to the reports of the Specialized Agencies, "to draw the attention of the Council to any apparent overlapping or duplication of activities of the United Nations and of the Specialized Agencies in the economic, social, cultural, educational, health and related fields." The Committee works through several sub-committees.
with regard in particular to the type of technical assistance they can provide and the surveys and studies which they can make. The register would be appropriately classified and contain as much relevant information as possible regarding each entity.

(c) Make studies of world production, trade and requirements, including plans and trends, for selected materials and manufactured products, e.g., machine tools, textiles - with a view to assisting governments in making their plans for new industries and other branches of economic activity and assessing their prospects. As regards production and requirements of agricultural products such studies have already been undertaken by the FAO. These studies would enable the ITO to make recommendations designed to ensure adequate supplies of products essential to development or reconstruction, including products essential to the expansion of agriculture, and to avoid surplus capacity to produce goods less urgently needed. The arrangements for the collection and analysis of the data would need to be worked out in close collaboration with the United Nations, FAO and other Specialized Agencies concerned.

(d) Promote technical fellowships. The ITO in collaboration with the other agencies concerned should examine the availability of technical fellowships, whether to be taken in universities and research institutions or in industrial or other enterprises and encourage governments to promote these fellowships. The ITO should make sure, if necessary by publishing data itself, that the available facilities are known in all countries and especially in the least developed countries. The ITO, however, would undoubtedly be able to make a much bigger contribution, if funds were allocated so that the ITO could itself grant fellowships. While adequate information has not yet been received, the experience of UFRRA in granting technical fellowships appears to have been successful (see Annex F). Fellowships in other fields are currently being financed by the United Nations, by the World Health Organization and other Specialized Agencies. There is some evidence that it is more profitable for a less developed country to send a small number of its best men for training abroad than for an equivalent sum of money to be used for the "import" of foreign experts.

(e) Study or arrange for the study of the provision of facilities for economic development and reconstruction and of obstacles to /such provision
such provision with a view to enabling the ITO to make any appropriate recommendations under Article 11. Several studies within this field are already under way in the Secretariat of the United Nations (see Part IV of the Report of the Second Session of the Sub-Commission on Economic Development - Annex G).

(f) Investigate the availability of bibliographies and digests of technical literature especially in the technical fields listed in paragraph 8 (c) above and arrange for the compilation and publication of any additional bibliographies and digests which could be of value to less developed countries. (See paragraph 9 (e) of Part V of the Report of the second session of the Sub-Commission on Economic Development - Annex G).

14. It is clear that there is a wide variation in the activities which the ITO can undertake in carrying out its positive functions depending on the amount of money available. The principal questions in this regard which the Executive Committee will need to consider are whether the ITO should finance a programme of technical fellowships and how the costs of advice, studies and assistance provided under Article 10 should be borne.

15. As regards technical fellowships, the Executive Committee may wish to note that the credit voted for 1948 by the General Assembly of the United Nations for social welfare services amounted to $670,000 of which fifty-three per cent has been committed by the Secretary-General for fellowships. The Interim Commission of the World Health Organization has recommended to the current First Session of the World Health Assembly that in 1949 $750,000 be devoted to the provision of 300 fellowships. The expenditure of UNRRA on sixty industrial fellowships was approximately $240,000 out of a total of 158 technical fellowships costing $650,000.

16. As regards the functions of the ITO under Article 10 it is to be noted that the arrangements of other agencies for bearing the costs of similar services vary considerably. The summary records of the thirty-third to thirty-seventh meetings inclusive (Annex E) of the Second Session of the Sub-Commission on Economic Development provide considerable factual material on this subject and reference may in particular be usefully made to paragraphs 11 to 14 inclusive of Part V of the Report of the Sub-Commission on Economic Development (Annex G). If funds are to be made available so that part or all of the costs of study, advice and assistance under Article 10 may be borne by the ITO, then it will be desirable for some policy to be laid down so that the money may be
used to the best possible advantage. Such a policy might be based on two rules: (a) that a requesting government should pay the costs of assistance in its own currency, and (b) that the contribution of the ITO to the cost in foreign currency should depend on the ability to pay of the requesting government. Such rules would be similar to the practice of the FAO and of the United Nations in the particular field of social welfare.

17. To summarize, it is suggested that the Executive Committee should:

(a) Request the Secretariat to complete the studies required by the first part of paragraph 1 of the Resolution and for this purpose ask governments members of the Interim Commission to provide information regarding the facilities which they themselves have and the technical assistance which they have given to other governments and also regarding the facilities of private organizations in their respective countries.

(b) Consider

(i) the general policy of the ITO as regards the carrying out of its positive functions including particularly its relations with regional and other inter-governmental bodies;

(ii) the particular activities to be undertaken by ITO in its initial programme;

(iii) what funds should be made available for the carrying out of the positive functions.