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ECONOMIC COMMISSION FOR LATIN AMERICA

COMMITTEE OF THE WHOLE

Twelfth special session

New York, 27 and 28 September 1979

REPORT OF THE COMMITTEE OF THE WHOLE

the discussions for the sovereignty of Nicaragua, its people and its Government, particularly with respect to the priorities which must be established for the rebuilding of Nicaragua. His Government hoped that the United Nations General Assembly would endorse, without any major changes, the resolution just approved by the Committee of the Whole, and he reiterated his country's thanks for all the assistance already granted as well as for what was being offered.

25. The Executive Secretary of CEPAL said that the meeting of the Committee of the Whole and the resolution which had just been approved would constitute an important landmark in the history of CEPAL and of the United Nations. Although international aid could not replace the efforts which would have to be made by the people of Nicaragua, they could provide a most valuable complement, and all these developments augured well for the future. There were also grounds for some optimism concerning the capacity of the United Nations, including the regional economic commissions, to respond to such emergency situations as that of Nicaragua.

26. Before closing the twelfth special session of ECLA, the Chairman, speaking as the representative of Bolivia, said that he wished to put on record the continuing support that his people had always given to the Nicaraguans in their struggle. His Government, like the others represented in the Committee of the Whole, would do all it could to ensure the carrying out of the recommendations contained in the resolution approved by CEPAL.

IV. CONCLUSIONS AND RECOMMENDATIONS

The following resolution was unanimously adopted by the Committee of the Whole of CEPAL on 28 September 1979:

International assistance for the rehabilitation, reconstruction and development of Nicaragua

The Committee of the Whole of the Economic Commission for Latin America,

Considering that the gradual deterioration in Nicaragua during recent years, which could be reversed only through the triumph of a popular insurrection after a prolonged war, has helped to create a situation that has had increasingly adverse effects on the economy in general and has resulted, in particular, in a serious worsening of the living conditions of the Nicaraguan people,

Considering that this situation is characterized by a rising level of external debt as a result of efforts to overcome the country's growing financial instability and increasing balance-of-payments difficulties, with a high concentration of short-term debt payments falling due, a gradual paralysis of investment and productive activities and its impact on the level of employment, an uninterrupted flight of foreign currency which has aggravated the existing financial disequilibrium, and inflationary pressures which, among other adverse effects, have been reflected in a still greater decline in the real income of the poorest sectors of the country's population,

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Noting that, in a country which has not yet recovered from the devastating effects of the earthquake that razed the city of Managua in December 1972, the war caused additional, numerous and irreparable losses in human lives and enormous harm to the people, as well as the destruction of housing, educational and health centres, industrial and commercial establishments and other physical infrastructures, and large-scale losses of equipment and supplies,

Bearing in mind that these circumstances, combined with the reduction in the sowing of some of the crops which are most important for feeding the people and sustaining the Nicaraguan economy, including basic grains and cotton, have created in Nicaragua an economic crisis without precedent in the recent history of Latin America and have caused per capita income to revert to the levels of the early 1960s, have resulted in external and internal financial maladjustments characterized by a total lack of liquidity in international means of payment, and have been reflected in a very high rate of unemployment,

Noting that the Government of National Reconstruction of Nicaragua has begun with speed and efficiency the tasks of rebuilding the economy and making good the losses sustained, acting in strict conformity with the spirit and letter of the Charter of the United Nations,

Bearing in mind that the international co-operation supplementing this internal effort reflects the concept of solidarity enshrined in that Charter,

Recognizing the support that the countries of the American continent and of the international community in general have given to the efforts of the people of Nicaragua in the reconstruction of their country,

Bearing in mind the urgent request for co-operation which the Government of National Reconstruction addressed to the Secretary-General of the United Nations on 28 July 1979, the document prepared by the secretariat of the Commission 1/ and the ideas set forth by the Government of Nicaragua in its statement to the Committee of the Whole,

Further taking into account that the Latin American Group decided, unanimously at its meeting of 28 August 1979, to ask the United Nations and the Economic Commission for Latin America to assist in the task of reconstruction in Nicaragua,

Recalling the note of the Chairman of the Latin American Group addressed to the Secretary-General of the United Nations (A/34/241) requesting the inclusion of a new item, entitled "Assistance for the reconstruction of Nicaragua", in the agenda of the thirty-fourth session of the General Assembly of the United Nations,

1. Conveys its deepest sympathy to the people of Nicaragua for the loss of lives and the devastation they have suffered;

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2. Considers that the existing situation requires the speedy and resolute co-operation of the international community in order to spare the Nicaraguan people further suffering and prevent the deterioration of the country's economy;

3. Accordingly invites all the Governments of the countries belonging to the United Nations and especially those represented in the Economic Commission for Latin America to help solve the main economic and social problems of Nicaragua by combining their efforts with those of the Nicaraguan people themselves, adapting their co-operation to the priorities set by the Nicaraguan Government;

To that end, with regard to financial co-operation:

4. Urges the Governments in question to assist Nicaragua to the fullest extent of their capacities to overcome the acute shortage of foreign exchange with which it will be confronted for some time to come, and in particular:

(a) Requests the Central American Governments to allow Nicaragua to use, on the most favourable possible terms, the necessary existing and potential resources of the Central American Monetary Stabilization Fund, thereby supplementing the timely measures already adopted by the Central American Monetary Council and its member Central Banks;

(b) Recommends that the States Members of the United Nations should study, together with the Nicaraguan authorities, the possibility of their issuing agencies making deposits in foreign exchange in the accounts of the Central Bank of Nicaragua;

(c) Appeals to the Governments of the States members of the International Monetary Fund to instruct their representatives on the Executive Board of the Fund to ensure that it duly uses all the mechanisms and possibilities for action at its disposal to consider speedily and flexibly any requests that may be submitted to it by the Government of Nicaragua;

(d) Urges the Governments of States Members of the United Nations to facilitate, and contribute in so far as possible to, the placement in their respective territories of "Bonds for the Reconstruction of Nicaragua" and other securities that may be issued for the same purpose;

(e) Urges the advanced countries to apply in the case of Nicaragua the provisions of Trade and Development Board resolution 165 (S-IX) in so far as it relates to measures to adjust the terms of past bilateral official development assistance, and recommends, in particular, that those advanced countries whose legislation permits them to do so should consider the possibility of cancelling the debts incurred by Nicaragua in connexion with such assistance;

(f) Calls on the Governments of the States Members of the United Nations in whose territory financial institutions and enterprises which are creditors of Nicaragua operate to use their good offices to facilitate the renegotiation of their credits on the most favourable terms possible for Nicaragua, having regard to Nicaragua's circumstances which justify the application of criteria other than the usual ones;

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(g) Suggests that, while the said renegotiation is being carried out and agreed upon, the private international financial community should, by extending the relevant due dates, refrain from making debt-service charges, such action not being deemed to entail a failure on the part of Nicaragua to fulfil its external obligations;

5. Requests the Governments of the States members of the International Bank for Reconstruction and Development, including the International Development Association, of the Inter-American Development Bank and of the Central American Bank for Economic Integration to instruct their representatives in the Executive Committees of those bodies:

(a) To arrange, in accordance with the requirements of the Government of Nicaragua, such rescheduling as may be deemed appropriate of the servicing of the debt incurred by Nicaragua in the past, as well as the reorientation of loans approved for that country but not yet disbursed;

(b) To pay special attention to the need for additional resources to finance Nicaragua's emergency, rehabilitation, reconstruction and development programmes;

(c) To adopt special measures which will make possible the over-all financing of these programmes under the best possible concessionary conditions;

(d) To simplify the procedures for the granting and disbursement of credits so as to accelerate the flow of the long-term financial assistance needed by Nicaragua;

6. Also requests the Governments of the States members of the International Fund for Agricultural Development to instruct their representatives on the Governing Board of that Fund to expedite the requests for co-operation that the Government of Nicaragua may submit for activities related to the aims set forth in article 2 of the Agreement establishing the Fund;

7. Urges those Latin American States that are members of the Commission to intensify their efforts in support of decision No. 43 of the Latin American Council of the Latin American Economic System (SELA), and to co-operate resolutely with the Action Committee of SELA in the matter of the reconstruction of Nicaragua;

8. Invites the States members of the Organization of Petroleum Exporting Countries (OPEC) to co-operate to the fullest possible extent with the Government of Nicaragua, through the OPEC Special Fund, by offering it the balance-of-payments support which it needs and assisting it in its programmes of reconstruction, rehabilitation and development;

9. Also invites the Governments of States Members of the United Nations to make the most substantial contribution possible to the International Fund for the Reconstruction of Nicaragua recently established by the Government of that country, through grants, deposits in foreign exchange, loans, the purchase of securities, and other forms of co-operation contemplated in the charter of said Fund;

10. Urges the Governments of States which are members of technical and financial organizations outside Latin America to instruct their representatives to enlist the co-operation of those organizations, in their respective fields of competence, in the action taken by the Nicaraguan Government to rehabilitate its economy and repair the damage sustained;

11. Likewise urges Governments to respond generously to the appeal of the United Nations High Commissioner for Refugees of 28 August 1979 for contributions to the financing of the most urgent and immediate requirements in respect of the return to Nicaragua of refugees and displaced persons, and to the appeal of 30 August 1979 by the Inter-Governmental Committee for European Migration calling for the provision to Nicaragua of specialized manpower needed by that country but not locally available;

Regarding trade,

12. Appeals to the Governments of States Members of the United Nations whose legislation so permits to grant Nicaraguan products access to their markets on preferential and non-reciprocal terms for a reasonable period, thus helping Nicaragua to obtain the foreign exchange which it urgently requires;

13. Expresses the hope that the Governments participating in the Central American economic integration programme will apply flexibly the provisions of the various integration agreements, especially those that facilitate Nicaraguan exports to the rest of the region, so as to avoid aggravating the country's difficulties in respect of its balance of trade and balance of payments, until its situation is normalized;

As regards technical assistance,

14. Requests the Secretary-General of the United Nations to ask all the specialized agencies of the United Nations system to make available the largest possible volume of resources and expand their programmes in Nicaragua to the extent required, within their respective fields of competence and in close co-operation with the Government of Nicaragua, especially in connexion with all activities related to improving the situation of the majority of the population, i.e. food production, health, education and housing, the generation of foreign exchange, integrated rural development and the creation of opportunities for productive employment;

15. Invites States Members of the United Nations to make specific contributions to the United Nations Development Programme (UNDP) earmarked for strengthening its development and technical co-operation programmes and projects in Nicaragua;

16. Requests that the Governing Council of the United Nations Development Programme should accede rapidly and favourably to the requests for special assistance which the Government of Nicaragua may address to it in the near future, bearing in mind the additional requirements deriving from the present circumstances, and the need to help to promote the development of the country, having recourse if necessary to the Programme Reserve during the second programming cycle;

17. Instructs the secretariat of the Commission, the Latin American Institute for Economic and Social Planning and the Latin American Demographic Centre to give their full attention and co-operation to the Government of Nicaragua, in response to the requests that it may submit, especially regarding short-, medium- and long-term rehabilitation, reconstruction and development programmes and plans;

And finally:

18. Recommends that, although Nicaragua is not officially included among the least developed countries on the list adopted by the General Assembly in its resolution 2768 (XXVI), it should receive, to the fullest possible extent, the same treatment as that granted in the past or that which may be granted in the future to that group of countries, until its situation is normalized;

19. Requests the General Assembly and the specialized agencies of the United Nations to bear in mind Nicaragua's serious economic situation in connexion with the payment of its dues;

20. Recommends to the Secretary-General of the United Nations that, in accordance with the provisions of General Assembly resolution 33/121, he should consider the possibility of making investments in Nicaragua from the United Nations Pension Fund;

21. Decides to keep this subject under review and requests the Executive Secretary of the Commission to submit every six months to member States and to the international agencies and organizations concerned reports on the results achieved in the implementation of this resolution during the next two years.
