INTERNATIONAL INVESTMENT AND FINANCIAL FACILITIES

The Conference had before it the Director-General's report on International Investment and Financing Facilities and a supplementary statement by the International Bank for Reconstruction and Development.

While some highly developed countries already have high national income and high labour productivity *per capita* and can readily save substantial amounts for investment, others need almost all they produce for their bare existence. The differences in absolute terms are striking, the comparison being between annual savings in the order of $100 or more *per capita* in highly developed countries and $5 or less in under-developed countries. Whereas highly developed countries are increasing their *per capita* output and raising their living standards, many less developed countries can make little or no progress and there is danger of the gap between developed and under-developed countries becoming greater, with serious economic and social implications. The small domestic savings in the under-developed countries must be supplemented with international investment from abroad if FAO is ever to achieve its objectives.

Substantially increased investment, both domestic and international, will be required to make technical aid under the expanded technical assistance programme fully effective. An adequate proportion of technical assistance should be devoted to aiding Governments to prepare over-all programmes for agricultural development and to work out plans for specified individual development projects and to carry them through. These will include projects under which the debtor countries can sell their products to other countries so as to earn the foreign exchange with which to repay their borrowings.

In countries with low levels of production, income, and savings, development programmes are needed on a massive scale not only in agriculture, but also in manufacturing, transportation, and related industries, if increased production is to overtake and surpass increasing population. International financing is needed not only to pay for the imported supplies for development projects, but also for consumption goods to help maintain adequate living standards until the new projects can become productive, and thus help prevent inflation in the country during the process.

Existing national economic development plans require international funds far in excess of those available. Despite this fact, international financial institutions report they have not received a sufficient number of adequately prepared loan applications for specific development pro-