

2180 (XXI). Reports of the Governing Council of the United Nations Development Programme

The General Assembly

Takes note of the reports of the Governing Council of the United Nations Development Programme on its first²⁰ and second²¹ sessions.

1488th plenary meeting,
9 December 1966.

2186 (XXI). Establishment of the United Nations Capital Development Fund

The General Assembly,

Recalling its resolution 1521 (XV) of 15 December 1960, by which it decided in principle to establish a United Nations capital development fund,

Recalling further its resolutions 1706 (XVI) of 19 December 1961 and 1826 (XVII) of 18 December 1962,

Taking into consideration the recommendation contained in annex A.IV.7 of the Final Act of the United Nations Conference on Trade and Development,²²

Recognizing that the developing countries can usefully absorb substantial amounts of capital over and above those that the existing financial institutions, with their present resources and institutional set-up, can provide,

Bearing in mind that the terms on which the developing countries currently obtain financial assistance tend, in most cases, to offset the advantages derived therefrom,

Recognizing that external resources should be made available to the developing countries on terms and conditions which would help to accelerate their economic and social progress,

Taking note of the report of the Committee on a United Nations Capital Development Fund on its fifth session,²³

Decides to bring into operation the United Nations Capital Development Fund (hereinafter referred to as the Capital Development Fund) as an organ of the General Assembly which shall function as an autonomous organization within the United Nations in accordance with the provisions set forth below.

ARTICLE I

Purpose

The purpose of the Capital Development Fund shall be to assist developing countries in the development of their economies by supplementing existing sources of capital assistance by means of grants and loans, particularly long-term loans made free of interest or at low interest rates. Such assistance shall be directed towards the achievement of the accelerated and self-sustained growth of the economies of those countries and shall be oriented towards the diversification of their economies, with due regard to the need for industrial development as a basis for economic and social progress.

²⁰ *Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 11 (E/4150).*

²¹ *Ibid., Supplement No. 11A (E/4219).*

²² See *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11), p. 47.

²³ *Official Records of the General Assembly, Twenty-first Session, Annexes*, agenda item 38, document A/6418.

ARTICLE II

Guiding principles

1. The provision of assistance shall be in conformity with the purposes and principles of the Charter of the United Nations.

2. Assistance from the Capital Development Fund shall not serve as a means for economic and political interference in the internal affairs of assisted countries and shall not be influenced by considerations relating to the nature of their economic and political systems.

3. Assistance from the Capital Development Fund shall be of a kind and in a form consistent with the wishes of the recipients and shall not involve any unacceptable conditions for them, whether political, economic, military or other.

ARTICLE III

General economic provisions

1. Assistance from the Capital Development Fund may be given to the Government of a State Member of the United Nations or member of a specialized agency or of the International Atomic Energy Agency or to a group of Governments of such States or, at the request of the Government of one of these States, to an entity having juridical personality within the territory of that State. Assistance provided to Non-Self-Governing Territories shall be of advantage to the economy of the recipient territory in accordance with the provisions of article I above.

2. Assistance from the Capital Development Fund shall be provided in such forms and on such terms as are compatible with the continued economic development of the assisted countries, taking due account of their balance-of-payments position and prospects.

3. Assistance from the Capital Development Fund shall be given in a flexible manner and shall not necessarily be limited to specific projects or groups of projects and should be given to support general development plans, where such plans exist, or to meet general development requirements.

4. Every effort shall be made to co-ordinate the assistance rendered by the Capital Development Fund with assistance from other sources, so as to achieve the maximum permanent beneficial effect on the economies of the developing countries, taking into account the need to preserve the autonomy and the multilateral character of the Fund.

ARTICLE IV

Resources

1. The expenditure of the Capital Development Fund shall be classified in the following categories:

- (a) Expenses for administrative activities;
- (b) Expenses for operational activities.

2. Expenses for administrative activities shall be borne by the regular budget of the United Nations, which shall include a separate budgetary provision for such expenses. The General Assembly shall fix a ceiling for such expenses in the light of the voluntary contributions received for operational activities.

3. Expenses for operational activities shall be met from the voluntary contributions made to the Capital Development Fund, in cash or in kind, by Governments of the States Members of the United Nations or mem-

bers of the specialized agencies or of the International Atomic Energy Agency. An annual pledging conference, at which Member States will announce their contributions, will be convened by the Secretary-General of the United Nations, the first such conference to be convened early in the twenty-second session of the General Assembly.

4. In determining the size of their contributions under paragraph 3 above, Member States should take due account of the following considerations:

(a) The resources of the Capital Development Fund should be large enough to make a significant contribution to the achievement of the accelerated and self-sustained economic growth of the developing countries;

(b) Contributions to the Capital Development Fund should ensure the provision of assistance on a long-term and continuing basis. In this connexion, it is desirable that contributions should be pledged or indicated as far as possible for a number of years;

(c) While the resources of the Capital Development Fund should be derived from contributions by all States Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency, the bulk of the contributions should come from the economically more developed countries in a readily and economically usable form.

5. The Secretary-General may invite voluntary contributions from sources other than Governments. The Capital Development Fund may accept such contributions subject to the provision contained in paragraph 6 (d) of the present article and on terms and conditions to be approved by the Executive Board.

6. (a) Contributions shall be made predominantly in cash. They may be made either in currencies that are readily and economically usable by the Capital Development Fund or in national currencies. In the latter case, the contributing States shall extend all possible facilities for the maximum use of such contributions towards meeting the needs of the recipient countries;

(b) In consultation with the Managing Director, contributions may also be made in kind, that is, in the form of equipment, machinery and other materials which will be readily usable for the purposes of the Capital Development Fund, aiming primarily at industrial development. Such contributions shall not be of such a nature as to affect adversely the economies of the primary commodity producing countries;

(c) The Managing Director shall, consistent with the criteria set forth respecting the nature and the utilization of contributions, endeavour to make the fullest possible use of available currencies and of contributions in kind;

(d) Contributions shall be made without limitation to a specific recipient country or for a specific project;

(e) To the end that the multilateral character of the Capital Development Fund shall be strictly respected, no contributing State shall receive special treatment with respect to its contribution nor shall negotiations for the use of contributions take place between contributing and receiving countries.

ARTICLE V

Forms of assistance: operations

1. The Capital Development Fund shall extend both grants and loans.

2. Loans extended by the Capital Development Fund shall have long periods of amortization, low rates of interest, or be free of interest and generally be extended on terms comparing favourably with those of loans extended by other international lending institutions.

3. Assistance shall be extended after the conclusion of an agreement between the Capital Development Fund and the recipient Government. In the case of loans, the agreement shall specify the date of maturity, rate of interest and currency of repayment of the loan, taking into consideration the recipient State's economic position, as shown, for example, by its balance of payments.

4. The Capital Development Fund may, when and to the extent it deems appropriate in the light of all the circumstances, including the financial and economic situation and prospects of the recipient State, agree, subject to such conditions as it may determine, to a relaxation or other modification of the terms on which any loan shall have been provided.

ARTICLE VI

Formulation, submission and consideration of requests for assistance

1. In requesting assistance from the Capital Development Fund, Governments shall present precise statements concerning the use they intend to make of such assistance, and appropriate data relating to the technical nature and economic appraisal of projects or plans of general economic development for which assistance is requested.

2. Governments requesting assistance from the Capital Development Fund shall inform the Fund of their current or intended efforts either with regard to the specific projects to be assisted by the Capital Development Fund or with regard to related projects or other economic programmes.

3. Each Government, in requesting assistance from the Capital Development Fund, shall designate an appropriate authority with which the Capital Development Fund may communicate with regard to questions which might arise from the request.

4. In considering requests for assistance, the Capital Development Fund shall:

(a) Be guided by considerations such as the economic merits of the development plan or project envisaged and its potential contribution to the country's over-all economic development;

(b) Give importance to the desirability of maintaining a reasonable geographical balance in allocations;

(c) Utilize as much as possible the experience and services of the United Nations, including the regional economic commissions, the United Nations Economic and Social Office in Beirut, the United Nations Industrial Development Organization and the United Nations Development Programme, and the specialized agencies, and also those of the regional development banks.

ARTICLE VII

General responsibilities of recipient Governments

1. Recipient Governments should ensure the effective utilization of the assistance furnished by the Capital Development Fund.

2. Recipient Governments shall maintain the records required by the Capital Development Fund in connexion with the administration of its assistance and shall report

fully on the utilization of the assistance granted by the Capital Development Fund either directly to Governments or to any entity having juridical personality.

ARTICLE VIII

Organization and management

1. The immediate intergovernmental control of the policies and operations of the Capital Development Fund shall be exercised by an Executive Board. It shall have final authority for the approval of grants and loans submitted to it by the Managing Director. It shall adopt its own rules of procedure.

2. The Executive Board shall review all the activities of the Capital Development Fund and shall report annually to the General Assembly through the Economic and Social Council. The Council may transmit to the Capital Development Fund and to the General Assembly such comments on the report as it may deem necessary.

3. The General Assembly will review the progress and the general policies of the Capital Development Fund as a separate item of its agenda and make any appropriate recommendations.

4. The Executive Board shall consist of the representatives of twenty-four States Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency.

5. The members of the Executive Board shall be elected by the General Assembly. The first election shall take place at the twenty-second session of the General Assembly.

6. There shall be equitable representation on the Executive Board of economically more developed countries, on the one hand, having due regard to their contributions to the Capital Development Fund, and of developing countries, on the other hand, taking into account the need for equitable geographical distribution among the latter members.

7. The members of the Executive Board shall be elected for a term of three years, provided, however, that, of the members elected at the first election, the terms of one third of the members shall expire at the end of one year and the terms of a further one third of the members at the end of two years. Retiring members shall be eligible for re-election.

8. The Executive Board shall meet at least once a year and as often as may be necessary for the conduct of the Fund's work.

9. The Managing Director of the Capital Development Fund shall participate without vote in the deliberations of the Executive Board.

ARTICLE IX

Managing Director and staff

1. The chief executive officer of the Capital Development Fund shall be the Managing Director, who shall exercise his functions under the general direction of the Executive Board. Subject to such general and specific directives as may be given by the Executive Board, the Managing Director shall have the over-all responsibility for the operations of the Capital Development Fund. He shall submit to the Executive Board, together with his recommendations, requests for grants and for loans by Governments. He shall report to the Executive Board on the operations of the Capital De-

velopment Fund, including the status of contributions and other financial matters.

2. The Managing Director shall be appointed by the Secretary-General of the United Nations. The appointment shall be subject to confirmation by the General Assembly.

3. The Managing Director shall be appointed for a term of four years, the first term to begin on 1 January 1968.

4. The Managing Director shall be assisted by the requisite number of staff members. He may also, as required, engage expert consultants. The selection of the officials and consultants shall be made in accordance with Article 101 of the Charter of the United Nations.

5. The Managing Director shall, to the maximum extent possible, make effective use of the existing facilities of the United Nations, including those of the regional economic commissions, the United Nations Economic and Social Office in Beirut, the United Nations Industrial Development Organization, the United Nations Development Programme, the regional development banks, the specialized agencies and the International Atomic Energy Agency.

ARTICLE X

Co-operation and co-ordination with other organs of the United Nations and other organizations

1. Without prejudice to the independence of its activities, and in accordance with this statute, the Capital Development Fund shall establish and maintain close and continuing working relationships with the competent organs and agencies within the United Nations system.

2. In its relations with such organs and agencies the Capital Development Fund shall act in conformity with the responsibilities of the Economic and Social Council under the Charter of the United Nations, particularly those of co-ordination, and with the relationship agreements with the agencies concerned.

3. There shall be a close and continuous working relationship between the Capital Development Fund and the regional economic commissions, the United Nations Industrial Development Organization, the United Nations Development Programme, the specialized agencies concerned with those fields of activity in which the Capital Development Fund will operate and the International Atomic Energy Agency and also with the regional development banks.

4. Appropriate methods shall be devised to achieve the purpose set forth in paragraph 2 of this article. Provision shall be made for the participation in the meetings of the Executive Board of the Secretary-General of the United Nations, the Executive Director of the United Nations Industrial Development Organization, the Administrator of the United Nations Development Programme or their representatives, and of representatives of the specialized agencies, the International Atomic Energy Agency, the regional development banks, and, when appropriate, the regional economic commissions.

ARTICLE XI

Financial administration

The financial regulations for the Capital Development Fund shall be drafted by the Secretary-General of the United Nations, in consultation with the Managing Di-

rector, for approval by the General Assembly on the recommendation of the Executive Board. In the preparation of these regulations, account shall be taken of the special requirements of the Capital Development Fund's operations.

ARTICLE XII

Future institutional arrangements

The General Assembly shall review, in the light of experience, the effectiveness and further evolution of these institutional arrangements with a view to deciding upon such changes and improvements as might be necessary in order to meet fully the growing needs for development finance.

*1492nd plenary meeting,
13 December 1966.*

2187 (XXI). United Nations Institute for Training and Research

The General Assembly,

Recalling its resolutions 1827 (XVII) of 18 December 1962, 1934 (XVIII) of 11 December 1963 and 2044 (XX) of 8 December 1965, and Economic and Social Council resolutions 985 (XXXVI) of 2 August 1963, 1037 (XXXVII) of 15 August 1964, 1072 (XXXIX) of 26 July 1965 and 1138 (XLI) of 29 July 1966, relating to the United Nations Institute for Training and Research,

Taking note of the Statute of the Institute, promulgated by the Secretary-General,²⁴

Recognizing the importance of the role that the Institute can play in assisting the members of the United Nations family of organizations through its various programmes and activities, in particular those related to the needs of developing countries,

1. *Takes note* of the report of the Executive Director of the United Nations Institute for Training and Research to the General Assembly;²⁵

2. *Endorses* Economic and Social Council resolution 1138 (XLI);

3. *Welcomes* the progress made by the Institute in its various programmes and activities;

4. *Expresses its appreciation* to the Governments, private institutions and individuals that have already made or pledged financial contributions to the Institute.

*1492nd plenary meeting,
13 December 1966.*

2188 (XXI). General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system

The General Assembly,

Bearing in mind the vital importance of the work of the United Nations family of organizations in the field of economic and social development,

Conscious of its responsibilities under Chapter IX of the Charter of the United Nations, and in particular under Articles 58 and 60 thereof,

Reaffirming the central role assigned to the Economic and Social Council in the economic, social and human rights fields under Chapter X of the Charter,

Noting the agreements concluded between the United Nations and the specialized agencies, under Articles 57 and 63 of the Charter, and the International Atomic Energy Agency,

Bearing in mind the fact that the resources being made available to carry out the work of the United Nations family of organizations in the field of economic and social development are limited, especially in relation to the growing needs of the developing countries,

Considering that this work, which has expanded rapidly, grown more complex and changed its nature, has evolved over a period of more than twenty years on the basis of unrelated proposals rather than in accordance with a co-ordinated plan,

Considering further that this situation, among other factors, has impaired not only the ability of the Economic and Social Council to co-ordinate the work of the United Nations family of organizations in these fields but also the ability of Member States to benefit from that work,

Welcoming the enlargement of the Economic and Social Council and the steps recently taken to enable it to perform more purposefully its co-ordinating role through its resolutions 1147 (XLI), 1151 (XLI) and 1154 (XLI) of 4 August 1966, and 1156 (XLI), 1171 (XLI), 1172 (XLI), 1173 (XLI), 1174 (XLI), 1175 (XLI), 1176 (XLI), 1177 (XLI) and 1181 (XLI) of 5 August 1966,

Welcoming further the steps at present envisaged, under General Assembly resolution 2150 (XXI) of 4 November 1966, to implement the recommendations of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies,

Recognizing nevertheless that, in order to avoid the duplication of programmes in the future and in order to derive the maximum benefit at reasonable cost from the operational and research activities of the United Nations family of organizations in the field of economic and social development, a full review of those activities, without prejudice to the continuing work of the Economic and Social Council, is urgently required by Member States,

Recalling its resolution 2098 (XX) of 20 December 1965,

Convinced that such a review would bring about a better organization of the international effort to attain the objectives of the United Nations Development Decade,

1. *Requests* the Economic and Social Council at its resumed forty-first session, for the purpose of undertaking the tasks enumerated in paragraph 2 below, to enlarge its Committee for Programme and Co-ordination by five additional Member States, to be designated by the President of the General Assembly for a period not exceeding three years and with due regard to equitable geographical distribution; the enlarged Committee shall be responsible to the Assembly and, under its authority, to the Council;

2. *Requests* the enlarged Committee to undertake, as a matter of priority and in the light of the continuing

²⁴ *Ibid.*, agenda item 48, document A/6500, annex I.

²⁵ *Ibid.*, document A/6500.