



UNITED NATIONS  
GENERAL  
ASSEMBLY



Distr.  
LIMITED

A/C.2/L.331  
16 October 1957

ORIGINAL: ENGLISH

Twelfth session  
SECOND COMMITTEE  
Agenda item 28

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

Financing of Economic Development

Argentina, Ceylon, Chile, Egypt, Greece, India, Indonesia, Mexico, the Netherlands, Venezuela, Yugoslavia: joint draft resolution

The General Assembly,

In conformity with the determination of the United Nations, as expressed in its Charter, to employ international machinery for the promotion of the economic and social advancement of all peoples,

Noting that the Economic and Social Council has urged the General Assembly in resolution 662 B (XXIV) to decide to establish a Special United Nations Fund for Economic Development and to take the necessary steps to that end,

Reiterating the importance of assistance for the economic development of under-developed countries, through both multilateral and bilateral channels,

Considering that the establishment of such a Fund will supplement the efforts already being made to provide financial assistance to under-developed countries and will create favourable conditions for increasing the flow of capital to them,

Recalling that both the General Assembly and the Economic and Social Council have on a number of occasions approved unanimously the principle of the establishment of such a Fund,

Convinced that the establishment of such a Fund is economically desirable and possible, will strengthen the United Nations, will help the under-developed countries in their efforts towards economic development and social advancement and will thus contribute to the stability and peace of the world,

1. Commends the Ad Hoc Committee on the Question of the Establishment of a Special United Nations Fund for Economic Development for its work as embodied in its final and supplementary reports prepared in accordance with General Assembly resolutions 923 (X) of 9 December 1955 and 1030 (XI) of 26 February 1957;

2. Decides to establish a United Nations Economic Development Fund, hereinafter called the Economic Development Fund;

3. Decides that the draft rules governing the administration and management of the Economic Development Fund, including the methods by which the Economic Development Fund could select projects, will be prepared - on the basis of the principles mentioned in the annex - by a preparatory commission composed of representatives of ..... Governments,<sup>1/</sup> to be appointed by the President of the General Assembly;

4. Decides further, that the draft rules to be prepared by the Preparatory Commission will be communicated not later than 1 May 1958 to all Governments Members of the United Nations and of the specialized agencies and will be submitted to the twenty-sixth session of the Economic and Social Council which will transmit its recommendations to the thirteenth session of the General Assembly for action;

5. Invites the Secretary-General to provide the Preparatory Commission with all the necessary facilities;

6. Expects that the Economic Development Fund will be able to begin operations by 1 January 1960, at the latest;

7. Appeals to all States Members of the United Nations to further promote, in a spirit of co-operation and solidarity, the essentials of the Charter of the United Nations by giving the greatest possible assistance to the economic development of under-developed countries.

---

<sup>1/</sup> The number of Governments is intended to be not more than eleven, to be proposed to the President of the General Assembly by the Chairman of the Second Committee after consultation with delegations.

ANNEX

The Preparatory Commission shall draft the rules governing the administration and management of the Economic Development Fund on the basis of the following principles:

(a) The Economic Development Fund shall be a multilateral fund of the United Nations, with financial resources principally derived from voluntary annual contributions of Governments and others, in (or transferable into) currency usable by the Fund, and as much as possible pledged or indicated for a number of years;

(b) The aim of the Economic Development Fund shall be to assist under-developed countries in the development of their economies by financing, in the form of loans or grants, projects designed to accelerate the integrated economic development of under-developed countries, principally by strengthening their economic and social infrastructure. Such financing shall be for projects for which other means of external financing may be either inappropriate or unavailable in whole or in part;

(c) Assistance from the Economic Development Fund shall be given only to Governments and at their request. Governments will, from their own resources, provide part of the funds needed for the financing of projects assisted by the Economic Development Fund. The operations of the Economic Development Fund shall be in conformity with the principles of the Charter of the United Nations and shall not be influenced by political considerations;

(d) The Economic Development Fund shall be administered by a Director-General under policies, including the allocation of funds, established by an Executive Board in accordance with such rules and principles as may be laid down by the General Assembly and the Economic and Social Council. The Secretary-General of the United Nations shall appoint the Director-General, in consultation with the Executive Board. The members of the Executive Board will be elected by the Economic and Social Council. The membership of the Executive Board shall be equally distributed between two groups, one consisting mainly of major contributing countries and the other consisting mainly of under-developed countries. Each member of the Executive Board shall have one vote. Decisions of the Executive Board on questions of policy, including the allocation of funds, shall require a qualified majority vote.

A/C.2/L.331

English

Page 4

(e) The Economic Development Fund shall establish close co-operation with the specialized agencies (in particular the existing international financial institutions), without, however, impairing its own independence. The staff of the Economic Development Fund shall be kept to a strict minimum.

-----