



CONTENTS

	Page
Agenda item 16: Report on the United Nations Capital Development Fund	135
Agenda item 3: Economic and social consequences of disarmament ( <i>continued</i> ) . . . . .	137
Agenda item 25: Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations . . . . .	138

*President:* Mr. PÉREZ GUERRERO (Venezuela).

AGENDA ITEM 16

Report on the United Nations Capital Development Fund (E/4451, E/4545)

1. Mr. DIALLO (Upper Volta) said that his delegation was disappointed at the lack of initiative displayed by the Administrator of UNDP in the implementation of General Assembly resolution 2321 (XXII). In paragraph 251 of the report of the Governing Council of UNDP on its sixth session (E/4545), the Administrator, referring to that resolution, was reported as stating that the General Assembly recognized that owing to the initial lack of financial resources it would not be possible in the first year to give full effect to resolution 2186 (XXI); that passage referred, however, not to the start of the operations of the United Nations Capital Development Fund but to the implementation of articles VIII and IX of resolution 2186 (XXI), which dealt with the election of the Executive Board of the Fund and the appointment of its Managing Director.

2. His delegation hoped that at the twenty-third session of the General Assembly the Administrator of UNDP would be able to suggest ways of improving the operation of the Fund rather than simply of commencing operations. There was no justification for setting \$100 million as the minimum size of the resources to be achieved prior to the initiation of independent operations. Most pilot and demonstration projects, the usefulness of which could no longer be questioned, were undertaken with a budget of less than \$500,000. His delegation also disagreed with the Administrator's statement in paragraph 255 of the same report that the Fund would be unable to embark upon significant independent lending operations in the near future. The attitude displayed by the Secretariat was surely not likely to persuade hesitant Member States to embrace the idea of setting up the Fund, as had been decided by the General Assembly. In particular, the Secretariat should have analysed the situation in regard to the capital market; it would have found that the conditions attached to development loans

were becoming increasingly severe and that the practice of tying aid was becoming general, with the result that the developing countries were having increasing difficulty in obtaining the capital goods they needed.

3. It was therefore more necessary than ever that the rich countries should facilitate the operation of the Capital Development Fund, the purpose of which was to supplement existing sources of capital assistance by means of grants and loans, particularly long-term loans made free of interest or at low interest rates.

4. Incidentally, after reading paragraph 266 of the report in question, his delegation wondered whether the Administrator's intention was to charge overhead costs to the resources of the Fund; resolution 2186 (XXI) after all clearly established that the costs of administering the Fund should be borne by the regular budget of the United Nations.

5. In the view of his delegation, the Administrator should without further delay initiate independent operations with the \$1.3 million now in the Fund. To that end if it had the support of other delegations it would like to present a draft resolution inviting the Administrator of UNDP to identify, among the work programmes of the various United Nations bodies, projects requiring investments which the Fund could help to finance from its present resources. The Administrator would be requested to report on the matter at the resumption of the forty-fifth session, so as to enable the Council to formulate recommendations on the basis of which the General Assembly, at its twenty-third session, would make proposals for examination by the Governing Council of UNDP at its seventh session.

6. Mr. DECASTIAUX (Belgium) noted that in paragraph 268 of the Governing Council's report Belgium was not mentioned among the countries which did not wish to be associated with the decision set out in paragraph 267; yet his country's position had been clearly stated, as could be seen from paragraph 19 of the Governing Council's draft report.<sup>1</sup> He would therefore reiterate his country's reservations regarding the establishment of the Capital Development Fund, and would ask that the paragraph in question be corrected to make good the omission.

7. Mr. COOMARASWAMY (Assistant Administrator, United Nations Development Programme) said that a corrigendum would be issued to meet the Belgian delegation's wishes.

8. Mr. KOROSSO (United Republic of Tanzania) said he was convinced that the world would know no peace or harmony until its peoples had become fully aware

<sup>1</sup> UNDP document DP/L.86/Add.4.

of their interdependence. The reason why the Capital Development Fund had not yet started operations was because the rich countries had taken no positive steps to supply it with funds; some of them were even hostile to the idea. At the same time, those same countries favoured bilateral aid which, so far as the beneficiaries were concerned, had the disadvantage of having strings attached to it. It was to be hoped that the developed countries would reconsider their position in the interests of mankind and international co-operation, and that the pledging conference scheduled for October 1968 would give satisfactory results. The contributions so far received by the Capital Development Fund had come from developing countries, which had thereby affirmed their determination to help themselves, but an extra effort was needed. He agreed with the representative of Upper Volta that the Capital Development Fund should start operations as soon as possible with its present resources.

9. Mr. EL-BOURI (Libya) pointed out that the Capital Development Fund had been set up to meet the growing financial requirements of the developing countries in a field where the activities of other United Nations bodies and other institutions such as IDA and the regional development banks were inadequate, and because the results of the first United Nations Development Decade had been disappointing and the volume of resources transferred to the developing countries declining. Though the first pledging conference had not been as successful as had been hoped owing to lack of interest on the part of developed countries and though, for lack of resources, the Capital Development Fund had been unable to start operations as planned, the Fund should be maintained in the interests of human welfare and international co-operation. The opposition which some delegations had shown to the idea that the United Nations might operate directly in the investment field was no justification for the negative attitude adopted by the developed countries once the General Assembly had decided to set up the Fund and had defined its objectives.

10. The paralysis of the Fund augured badly for the second Development Decade, whose aims might be jeopardized unless the situation was remedied. The efforts of the developing countries had to be supplemented and strengthened by constructive international action. The industrialized countries had a moral obligation to foster the economic development of the developing countries. The Council should therefore appeal to the developed countries to agree to contribute to the Fund, and to the developing countries to increase their contributions. It should also request the Administrator of UNDP to continue his efforts to examine new possibilities of obtaining capital to enable the Capital Development Fund to commence operations without delay, a move which would encourage States to contribute to it.

11. Mr. COOMARASWAMY (Assistant Administrator, United Nations Development Programme) assured the Council that the Administrator of UNDP would spare no pains to examine other possibilities of obtaining funds and would look most carefully into the question of what could be done with the resources available.

12. Mr. FIGUEREDO PLANCHART (Venezuela) associated himself with the opinions expressed by the representatives of Upper Volta, Tanzania and Libya, and reserved the right to speak in greater detail at a later date.

13. Mr. VARELA (Panama) said he shared the developing countries' disappointment at the setback to the Capital Development Fund, but was not surprised by it since the Fund had been set up at the same time as UNIDO, which likewise operated on the basis of voluntary contributions and whose task was also to foster the advancement of the developing countries. The Administrator of UNDP had shown realism in not wishing to undertake operations which, in view of the modest funds at his disposal, would have produced only very meagre results. The experience in that matter showed that both the Council and the General Assembly should act with the utmost caution in contemplating the establishment of new bodies which imposed a burden on all countries, but particularly on the developed countries, and should not take decisions which merely complicated the structure of the United Nations and increased the volume of documentation without in any way benefiting those they sought to help. A wiser course would be to make the existing organizations more efficient and give full effect to the resolutions already adopted, particularly Council resolution 1183 (XLI) which governed all aspects of external assistance to the developing countries.

14. Mr. COX (Sierra Leone) urged the developing countries to reaffirm their confidence in the Administrator of UNDP and in his sound administration of the Capital Development Fund. It was unfortunate that some delegations supported resolutions without any intention of implementing them and that, when decisions properly taken had to be followed up, the countries chiefly responsible for setting up the Organization and ensuring that it operated properly showed bad faith; the developing countries, on the other hand, had given an earnest of their intention to do their best. Whatever difficulties the developed countries themselves might be experiencing, they should at least avoid exposing the United Nations to ridicule and giving the impression that they were not prepared to come to the aid of mankind.

15. Mr. BRADLEY (Argentina) said that the fact that the Capital Development Fund had been unable to initiate the activities for which it had been set up should surprise no one, since it had been established against the wishes of the main potential donors. The apathy of those countries in regard to the Fund was understandable in political terms, but it was not the way to contribute to development. He was convinced that the financial structures of the United Nations were inadequate for the task, particularly with regard to investment activities. Despite the goodwill of UNDP and its Administrator, contributions to the Capital Development Fund amounted to only \$1.3 million, most of the sum supplied by the developing countries which had thus demonstrated their determination to help themselves; that sum would not, however, even cover the cost of a single UNDP project. It might be that the indifference shown by the developed

countries arose from the fact that they had not properly understood the usefulness of the projects contemplated. A useful approach might be for UNDP to promote a thorough analysis of the financing requirements of the projects submitted so far, since that would at least provide sound action guidelines. Countries in a position to contribute to the Fund should adopt a more realistic attitude and make an extra effort.

16. Mr. DUBEY (India) did not fully share the Panamanian representative's sense of disappointment, even though the Capital Development Fund set up over a year previously was one of the main causes of concern to the developing countries, since it had not yet begun to operate. It was true that some developing countries had contributed to the Fund, but there were others which had not yet done so—and it was to be hoped that they would do so at the forthcoming pledging conference in October 1968. However, the efforts of the developing countries would be unproductive unless they had the support of the developed countries. Consequently, his delegation hoped that most of the developed countries, if not all, would participate in the pledging conference. The delay in the start of the Fund's operations was of course disturbing, but that was no reason to lose heart, for the venture was very promising. Furthermore, the Administrator of UNDP had stated at the sixth session of the Governing Council that he was prepared to make further studies and if so directed to disburse the available funds. The Governing Council of UNDP had, in fact, asked the Administrator to continue his efforts to enable the Fund to commence operations. The next pledging conference would, it was to be hoped, produce better results. Furthermore, various ways of using the Fund might be contemplated, e.g. for the financing of loans in local currency by regional development banks.

17. Mr. BRILLANTES (Philippines) felt that it was pointless to carp at the attitude of the different countries towards the Capital Development Fund. The facts were inescapable; the world was divided into two categories, the wealthy, prosperous countries and the poor needy countries. Any unilateral action on the part of the developed countries or of the developing countries would be ineffective; the two categories must pool their efforts and become partners in the common drive towards world progress, peace and prosperity. The pledging conference scheduled for October 1968 must be approached in that spirit.

18. Mr. LOPEZ HERRARTE (Guatemala) pointed out that his delegation had consistently supported the establishment of a capital development fund. Many years ago, he had attended the meetings of a United Nations sub-committee on economic development when the establishment of a capital development fund had been proposed for the first time. Since then positive results had been achieved, for the work of the sub-committee had been responsible in part for the World Bank expanding its activities, had helped to encourage international financial co-operation, and had resulted in the establishment of IDA. All that, however, had been insufficient to meet the needs of the developing countries, for day by day

the need of capital for development was becoming more pressing. Undoubtedly obstacles would arise, but efforts must be continued to achieve the target set at UNCTAD's second session for transfers of external resources to the developing countries, amounting to 1 per cent of the gross national product of the developed countries. He hoped that in future aid would be more effective and that countries able to supply such aid would adopt a more constructive attitude. Lastly, every effort should be made to study further the question of a supplementary financing scheme, with a view to its institution as soon as possible.

### AGENDA ITEM 3

#### Economic and social consequences of disarmament (E/4494 and Add.1, E/4563) (continued)

19. Mr. GOLDSCHMIDT (United States of America) said that preceding speakers had referred to the recent historic progress made in regard to disarmament, which provided a framework of optimism and hope for the Council's discussions on the economic and social consequences of disarmament. The persistent and careful work of the Conference of the Eighteen-Nation Committee on Disarmament, in which the United States Government had played an active part, had led to the Treaty on the Non-Proliferation of Nuclear Weapons. The President of the United States had recently pointed out that the most pressing obligation laid on the parties to the Treaty was to pursue negotiations to end the nuclear arms race and to achieve nuclear disarmament. The representatives of Mexico and Venezuela had rightly referred with pride to the Treaty creating a nuclear-free zone in Latin America, and the United States and the USSR had recently agreed to begin talks on the control of offensive and defensive nuclear weapons systems, an agreement for which his Government had worked since January 1964. The patient and constructive diplomacy which had produced those achievements could serve as a model to the Council in discussing the aspects of disarmament within its competence.

20. Such heartening developments gave more reality and meaning to the United Nations efforts to advance the study of the economic and social consequences—such as feeding the hungry, healing the sick and teaching the uneducated—the conversion to peaceful needs of the resources devoted to both nuclear and non-nuclear arms races all around the world. It had long been the position of his Government that agreements on reduction of arms would release resources in both the developed and developing countries which could be used for the welfare of people everywhere, including the economic and social development of the developing countries. He was making a special point of reaffirming his Government's policy, since many representatives had commented on the fact that, as noted by the Secretary-General in his report on the matter (E/4494 and Add.1), there had been few references in the replies from Governments to the possibility of using resources released by disarmament to augment the flow of assistance to developing countries.

21. His Government's communication to the Secretary-General, as reproduced in that report, showed that the

United States had continued during 1966 and 1967 to study extensively the effects of the reallocation of national resources from military to civilian purposes. Many studies had been completed and many more were planned for the future. The completed studies were used by public and private groups and individuals for actual economic planning for shifts from military to civilian activities and for further analytical studies of economic adjustment to such shifts. The results were also available to other Governments through the Secretary-General. His Government would continue to sponsor an active research programme in that field and would continue to make the results available to other countries in the same way. The exchange of such information would be useful for making adjustments when resources were shifted from military to civilian purposes and meantime it contributed to an international climate conducive to disarmament.

22. His Government also attached importance to periodic discussions in the Council on the economic and social implications of disarmament, since they had helped to diminish fears that disarmament would have an adverse economic impact and had highlighted the potential economic and social benefits to be derived from disarmament. Like the United Kingdom representative, however, he agreed that the discussions could be less frequent. The United States could not support the USSR representative's suggestions since they would turn what was a serious United Nations project into an unconstructive exercise in unfruitful polemics. As to the Swedish representative's suggestions, he assumed that they would be given most careful study by the Secretary-General.

23. In conclusion, he would thank the President for having held over the discussion until the atmosphere in the Council Chamber had been more suitable for what he had wanted to say.

24. Mr. NAYERI (Iran) said that although the armaments race was a constant threat to mankind, disarmament gave rise to major problems such as the utilization of funds released, re-deployment of military personnel, etc.

25. The General Assembly, in resolution 2092 (XX), had taken a welcome step by requesting that the Governments of Member States devote serious study to the economic and social aspects of disarmament. The developing countries and several developed countries had already made it known that in their view the resources released by disarmament should be employed for the economic development of the under-privileged countries. That was a perfectly sound viewpoint: it was right that resources intended to be used for the destruction of mankind should be used for its welfare instead. However, the Secretary-General had noted that in the replies he had received to the questionnaire on disarmament there had been few references to the use of resources released by disarmament for assistance to developing countries.

26. Article 19 of the Proclamation of Teheran, adopted by the International Conference on Human Rights at its 27th plenary meeting, stated that disarmament would release immense human and material resources and that those resources should be used for the promotion of human rights and fundamental freedoms. Countries which had arms industries would, he hoped, support that notion and follow the example of the United States, which had just stated its intention of using the resources released by disarmament to increase the welfare of mankind everywhere.

27. Mr. ZAKHAROV (Union of Soviet Socialist Republics) asked that the debate on agenda item 3 be left open, since his delegation hoped shortly to submit a draft resolution on the question.

28. The PRESIDENT agreed.

#### AGENDA ITEM 25

**Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations (E/4546, E/4547, E/4557 and Corr.1)**

29. Mr. POPOV (Bulgaria) said it was regrettable that most of the specialized agencies had not yet taken specific steps to implement General Assembly resolution 2311 (XXII); some had even ignored it. To enable the Council's work on the item to bear fruit, the specialized agencies should make statements as soon as possible clarifying their position on the issue; such statements were necessary for the formulation of recommendations to the General Assembly.

30. Mr. EKONDY-AKALA (Congo, Brazzaville) said that the question at issue was directly linked with the implementation of the Universal Declaration of Human Rights. It was a most important question, and the African delegations awaited statements by the specialized agencies to learn what action they were contemplating. He supported the Bulgarian representative's remarks about the value of such statements.

31. The PRESIDENT pointed out that certain statements by the specialized agencies on the implementation of General Assembly resolution 2321 (XXII) had already been summarized in the report on the joint meetings of the Committee for Programme and Co-ordination and the ACC (E/4557, paragraphs 24-43). He hoped that the representatives of the specialized agencies would address the Council and supply further details.

The meeting rose at 12.15 p.m.