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ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

Report of the Second Committee

Rapporteur: Mr. J.G. HADWEN (Canada)

1. The General Assembly, at its 682nd plenary meeting on 20 September 1957, allocated to the Second Committee item 28 of its agenda, "Economic development of under-developed countries. Question of the establishment of a Special United Nations Fund for Economic Development: final and supplementary reports of the Ad Hoc Committee, and recommendations of the Economic and Social Council".
2. Following a suggestion by the Chairman (A/C.2/L.328), the Second Committee agreed, at its 453rd meeting, that in the general debate Members could express their views on the establishment of a Special United Nations Fund for Economic Development and on other proposals concerning the economic development of under-developed countries.
3. The Committee considered the item during nineteen meetings (A/C.2/SR.492-510), held between 18 November and 13 December 1957. The first thirteen meetings were devoted to the general debate, in which fifty-four delegations took part, some members also addressing themselves to the draft resolutions which had been submitted.
4. The Committee had before it the following documents:

Report of the Economic and Social Council;^{1/}

Final report of the Ad Hoc Committee on the Question of the Establishment of a Special United Nations Fund for Economic Development prepared in accordance with General Assembly resolution 923 (X) (A/3579, Add.1 and Corr.1);

^{1/} Official Records of the General Assembly, Twelfth Session, Supplement No. 3 (A/3613).

Supplementary report of the Ad Hoc Committee on the Question of the Establishment of a Special United Nations Fund for Economic Development prepared in accordance with General Assembly resolution 1030 (XI) (A/3580);

Statement by the Under-Secretary for Economic and Social Affairs (A/C.2/L.329).

It also received the following proposals:

- (a) Draft resolution by Argentina, Ceylon, Chile, Egypt, Greece, India, Indonesia, Mexico, the Netherlands, Venezuela and Yugoslavia entitled "Financing of economic development" (A/C.2/L.331 and Rev.1);
- (b) Amendments by the United States of America (A/C.2/L.360) to the revised text (A/C.2/L.331/Rev.1);
- (c) Draft resolution by the United States of America (A/C.2/L.354);
- (d) Draft resolution by Brazil, Italy, Mexico, Pakistan and Peru (A/C.2/L.355 and Rev.1 and 2, and L.355/Rev.2/Corr.1 (French only));
- (e) Draft resolution by Ceylon, Colombia, Egypt, Indonesia, Iran, Iraq, Jordan, Liberia, Saudi Arabia, Sudan and Tunisia entitled "Study of international commodity problems" (A/C.2/L.357 and Rev.1);
- (f) Draft resolution by Brazil, Chile, Colombia, Costa Rica, Ecuador and Panama (A/C.2/L.358);
- (g) Draft resolution by Brazil, Ceylon, Chile, Colombia, Costa Rica, Ecuador, Egypt, France, Indonesia, Iran, Iraq, Jordan, Liberia, Panama, Saudi Arabia, Sudan and Tunisia entitled "Study of international commodity problems" (A/C.2/L.359).

5. The present report deals with the above proposals in the order in which action was taken on them by the Committee.

I

6. The draft resolution by Brazil, Italy, Mexico, Pakistan and Peru (A/C.2/L.355) was submitted at the 494th meeting. Under this draft the General Assembly would:

(1) invite Member States to follow as closely as possible the interrelationship existing between economic and population changes, especially in the case of countries which are in the process of economic development; (2) invite the attention of the Economic and Social Council and of the specialized agencies concerned to the growing importance of this question; (3) ask the Secretary-General to continue his policy of co-ordination in the economic and population fields,

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particularly with reference to countries which are in the process of economic development; and (4) invite the Economic and Social Council, when preparing its report to the Assembly, to include in the chapter on economic development the information pertinent to the Council's activities in the field of population.

7. At its 500th meeting the Committee received a revised text of the five-Power draft resolution (A/C.2/L.355/Rev.1), in which operative paragraphs 1 and 4 were amended to read as follows:

"1. Invites Member States, particularly those which are in the process of economic development, to follow as closely as possible the interrelationships existing between economic and population changes";

....

"4. Invites the Economic and Social Council to include pertinent information concerning the demographic activities of the Council in the Chapter on economic development of its annual report to the General Assembly."

8. The Committee discussed this draft resolution at its 496th and 501st meetings. At the latter meeting, the sponsors accepted the following oral amendments:

(a) By the representatives of France and the United Kingdom, to redraft operative paragraph 3 to read: "Requests the Secretary-General to continue to ensure the co-ordination of the activities of the United Nations in the demographic and economic fields, particularly with reference to countries which are in the process of economic development";

(b) By the representative of Turkey, to entitle the draft resolution "Demographic questions".

9. The draft resolution, as amended, (A/C.2/L.355/Rev.2 and Corr.1 (French only)), was unanimously adopted by the Committee at its 504th meeting.

10. The Second Committee therefore recommends to the General Assembly the adoption of draft resolution I annexed to the present report.

II

11. The draft resolution by Ceylon, Colombia, Egypt, Indonesia, Iran, Iraq, Jordan, Liberia, Saudi Arabia, Sudan and Tunisia (A/C.2/L.357 and Rev.1) and the draft resolution by Brazil, Chile, Colombia, Costa Rica, Ecuador and Panama (A/C.2/L.358) were discussed together, as agreed by the Committee at its 504th meeting.

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12. Under the eleven-Power draft resolution, the General Assembly would:

(1) endorse the decision of the Economic and Social Council in its resolution 656 (XXIV) to discuss the subject of international commodity problems at its twenty-sixth session; and (2) draw the attention of Governments of Member States to General Assembly resolution 1029 (XI) of 20 February 1957 and invite them to submit their commodity problems to the Commission on International Commodity Trade which, at its sixth session in May 1958, will prepare a report for consideration at the twenty-sixth session of the Council.

13. The six-Power draft resolution proposed that the Assembly should:

(1) recommend to the Council that it give special priority to the study of possible methods of improving the terms of trade of under-developed countries; (2) draw the Council's attention to the need for the United Nations to promote the conclusion of international commodity agreements as an effective means of improving and stabilizing commodity prices; and (3) request the Economic and Social Council to communicate to the Assembly, at its regular session in 1958, the conclusions drawn from its action under the two preceding paragraphs.

14. The Committee discussed these two draft resolutions at four meetings (A/C.2/SR.502, 504-506).

15. In the light of suggestions and oral amendments proposed during the 505th meeting, a consolidated text (A/C.2/L.359) of the two proposals was submitted to the Committee at the 506th meeting, and the two proposals (A/C.2/L.357/Rev.1 and L.358) were withdrawn by their sponsors.

16. Under the consolidated draft resolution, which was sponsored by Brazil, Ceylon, Chile, Colombia, Costa Rica, Ecuador, Egypt, France, Indonesia, Iran, Iraq, Jordan, Liberia, Panama, Saudi Arabia, Sudan and Tunisia, the General Assembly would: (1) endorse the decision of the Economic and Social Council in its resolution 656 (XXIV) to discuss the subject of international commodity problems at its twenty-sixth session; (2) draw the attention of Governments of Member States to Assembly resolution 1029 (XI) and invite them, in terms of operative paragraph 1 of that resolution, to submit their commodity problems to the Commission on International Commodity Trade which, at its sixth session in May 1958, will prepare a report for consideration at the twenty-sixth session of the Economic and Social Council; (3) draw the attention of the Council to the importance of the United Nations assisting in the promotion of international

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commodity agreements as an effective means of improving and stabilizing commodity prices; and (4) request the Council to communicate to the Assembly, at its regular session in 1958, the conclusions drawn from its action under this resolution.

17. At the 506th meeting the following oral amendments were submitted to the seventeen-Power draft resolution:

(a) By the representative of Belgium, to delete the word "still" in the second paragraph of the preamble. This amendment was accepted by the sponsors, so that the paragraph then read: "Mindful that export revenues are basic for the economic development of many countries, and in particular of the under-developed countries,";

(b) By the representative of Cuba, to add the words "at equitable levels" at the end of operative paragraph 3; this was later withdrawn;

(c) By the representative of the Netherlands, to insert in paragraph 3, after the word "stabilizing", the words "the general level of primary", so that the paragraph would then read: "Draws the attention of the Economic and Social Council to the importance of the United Nations assisting in the promotion of international commodity agreements as an effective means of improving and stabilizing the general level of primary commodity prices;".

18. The representatives of Canada and Denmark requested a separate vote on paragraph 3.

19. The Committee, at its 506th meeting, voted upon the seventeen-Power draft resolution (A/C.2/L.359), as amended, with the following results:

The amendment by the Netherlands to paragraph 3 was rejected by 42 votes to 5, with 21 abstentions.

Paragraph 3 was adopted by 56 votes to 2, with 8 abstentions.

The draft resolution as a whole was adopted by 60 votes to none, with 5 abstentions.

20. The Second Committee therefore recommends to the General Assembly the adoption of draft resolution II annexed to the present report.

III

21. The Committee devoted four meetings (A/C.2/SR.507-510) to the discussion of the draft resolutions on the question of the establishment of a Special United Nations Fund for Economic Development.

22. At its 465th meeting, a draft resolution was submitted by Argentina, Ceylon, Chile, Egypt, Greece, India, Indonesia, Mexico, the Netherlands, Venezuela and Yugoslavia (A/C.2/L.331), under which the General Assembly would: (1) commend 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) decide to establish a United Nations Economic Development Fund, hereinafter called the Economic Development Fund; (3) decide that the draft rules governing the administration and management of the Economic Development Fund, including the methods by which the Fund could select projects, would be prepared - on the basis of the principles mentioned in the annex to the draft resolution - by a preparatory commission composed of representatives of [not more than eleven] Governments, to be appointed by the President of the General Assembly; (4) decide further that the draft rules to be prepared by the preparatory commission would be communicated not later than 1 May 1958 to all Governments Members of the United Nations and of the specialized agencies and would be submitted to the twenty-sixth session of the Economic and Social Council, which would transmit its recommendations to the thirteenth session of the General Assembly for action; (5) invite the Secretary-General to provide the preparatory commission with all the necessary facilities; (6) expect that the Economic Development Fund would be able to begin operations by 1 January 1960, at the latest; and (7) appeal to all States Members of the United Nations further to 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.

23. The annex to the eleven-Power draft resolution detailed the following principles on the basis of which the preparatory commission was to draft the rules governing the administration and management of the Economic Development Fund:

"(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.

"(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."

24. A draft resolution by the United States of America (A/C.2/L.354) was received by the Committee at its 492nd meeting. Under this proposal, the General Assembly would:

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(1) Conclude that, in addition to increasing the financial resources of the Expanded Technical Assistance Programme for projects of types now undertaken by it, there should be established within the Programme a Special Projects Fund which would be used to enlarge the scope of the Programme's activities so as to permit systematic and sustained assistance in certain basic fields;

(2) Consider that, while fullest possible use should be made of the existing machinery of the Expanded Technical Assistance Programme, the Special Projects Fund may require new administrative and operational machinery;

(3) Decide to establish a preparatory committee composed of ___ Governments participating in the Programme to do the following:

(a) Define the basic fields of assistance which the Special Projects Fund should encompass and, within these fields, the types of projects which should be eligible for assistance;

(b) Define the changes which might need to be made in the present administration and machinery of the United Nations Expanded Technical Assistance Programme in order to assure rapid and effective use of the Special Projects Fund;

(c) Ascertain the extent to which Governments would be willing to contribute to enlarging the financial resources of the Expanded Programme with an indication of the amounts which they would be prepared to earmark for the Special Projects Fund from their increased contributions; and

(d) Prepare the necessary draft amendments in the present procedures and legislation of the Expanded Programme;

(4) Request the President of the General Assembly to appoint the members of the preparatory committee;

(5) Invite the Secretary-General to provide the preparatory committee with all the necessary facilities, including the provision of such expert consultants as might be required;

(6) Request Governments to assist the preparatory committee in its work by submitting their views and suggestions to the preparatory committee through the Secretary-General and, in particular, by indicating the extent to which they would be willing to increase their contributions to enable the Expanded Programme to perform its enlarged functions effectively;

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(7) Invite the specialized agencies, the Technical Assistance Administration and the Technical Assistance Board to submit their views and suggestions to the preparatory committee through the Secretary-General;

(8) Request the preparatory committee to submit the results of its work in the form of a report and recommendations to the twenty-sixth session of the Economic and Social Council;

(9) Request the Economic and Social Council, with the advice of the Technical Assistance Committee, to transmit the preparatory committee's report, together with its own comments, to the thirteenth session of the General Assembly for final action; and

(10) Look forward to the establishment of the Special Projects Fund as of 1 January 1959.

25. At the 508th meeting, the Committee received a revised text (A/C.2/L.331/Rev.1) of the eleven-Power draft resolution under which the Assembly would, in part A, commend the Ad Hoc Committee on the Question of the Establishment of a Special United Nations Fund for Economic Development for the work embodied in its final and supplementary reports prepared in accordance with General Assembly resolutions 932 (X) of 9 December 1955 and 1030 (XI) of 26 February 1957; and in part B, (1) decide that, subject to the conditions prescribed hereunder, there shall be established as a part of the technical assistance and development programmes of the United Nations and the specialized agencies a separate Special Fund which would provide systematic and sustained assistance in fields essential to the integrated technical, economic and social development of the less developed countries; (2) decide further that, in view of the resources prospectively available at this time, which are not likely to exceed \$100 million annually, the operations of the Fund shall more immediately be used to enlarge the scope of the United Nations programmes of technical assistance so as to include special projects in certain basic fields to be defined by the preparatory committee provided for in paragraph 4 below, for example, intensive surveys of water, mineral and potential power resources; the establishment, including staffing and equipping, of training institutes in public administration, statistics and technology, and of agricultural and industrial research and productivity centres; (3) consider that

while, without impairing the separate identity of the Special Fund, the fullest possible use should be made of the existing machinery of the United Nations, the specialized agencies (including the existing international financial institutions) and the Expanded Programme of Technical Assistance, the Special Fund will require some new administrative and operational machinery; (4) decide to establish a preparatory committee composed of representatives of _____ Governments to do the following, taking account the principles set out in the annex: (a) define the basic fields of assistance which the Special Fund should encompass and, within these fields, the types of projects which should be eligible for assistance; (b) define in the light of paragraph 3 above, the administrative and operational machinery to be recommended for the Special Fund, including such changes as may be required in the present legislation and procedures of the Expanded Programme of Technical Assistance; (c) ascertain the extent to which Governments would be willing to contribute to the Special Fund; (5) request the President of the General Assembly to appoint the members of the preparatory committee; (6) invite the Secretary-General to provide the preparatory committee with all the necessary facilities, including the provision of such expert consultants as might be required; (7) request Governments to assist the preparatory committee in its work by forwarding their views and suggestions to the preparatory committee through the Secretary-General and, in particular, by indicating the extent to which they would be willing to contribute to the Special Fund; (8) invite the Secretary-General, the executive heads of the specialized agencies and the Executive Chairman of the Technical Assistance Board to forward their views and suggestions to the preparatory committee; (9) request the preparatory committee to submit the results of its work in the form of a report and recommendations to the twenty-sixth session of the Economic and Social Council; (10) request the Council to transmit the preparatory committee's report, together with its own comments, to the thirteenth session of the General Assembly for final action; (11) look forward to the establishment of the Special Fund as of 1 January 1959; (12) appeal to all States Members of the United Nations, in a spirit of co-operation and solidarity, to give the greatest possible assistance to the Special Fund. In part C, the Assembly would decide that, as and when the resources prospectively

available are considered by the General Assembly to be sufficient to enter into the field of capital development, principally the development of the economic and social infrastructure of the less developed countries, the Assembly shall review the scope and future activities of the Fund and take such action as it may deem appropriate.

26. The annex contained the following provisions: (1) the Special 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 it and as much as possible pledged or indicated for a number of years; (2) assistance from the Special Fund shall be given only to projects which would make a contribution to the economic development of the requesting country or countries. The operations of the Special Fund shall be in conformity with the principles of the Charter of the United Nations and shall not be influenced by political considerations; (3) the Special Fund shall be administered by a chief executive officer under policies established by an executive body in accordance with such rules and principles as may be laid down by the General Assembly and the Economic and Social Council. The membership of the executive body shall be equally distributed between two groups, one consisting mainly of major contributing countries and the other consisting mainly of less developed countries. Each member of the executive body shall have one vote. Decisions of the executive body on questions of policy, including the allocation of funds, shall require a qualified majority of vote.

27. Also at the 508th meeting amendments to part B of the revised eleven-Power proposal were submitted by the United States of America (A/C.2/L.360) proposing that: (1) in paragraph 1, the words "technical assistance and development programmes" be replaced by the words "programmes of technical assistance and development"; (2) in paragraph 2, the words "more*immediately" be deleted; and (3) in paragraph 4, the words "and the views and suggestions forwarded by Governments pursuant to paragraph 7 below" be inserted after the word "annex".

28. The sponsors of the revised text accepted the second and third amendments proposed by the United States at the 508th meeting.

29. At the 509th meeting the representative of Iran proposed that the opening phrase of paragraph 1 of part B of the revised eleven-Power draft resolution be

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Noting that the general level of primary commodity prices continues to be unstable and has been falling during 1957,

Considering that such conditions have harmful effects on the economy of countries exporting primary products, including their balance of payments, their programmes for economic development and their purchases from other countries,

Bearing in mind the serious economic and social effects which arise in both exporting and importing countries from excessive fluctuations in prices of primary products,

1. Endorses the decision of the Economic and Social Council, in its resolution 656 (XXIV) of 30 July 1957, to discuss the subject of international commodity problems at its twenty-sixth session;
2. Draws the attention of the Governments of Member States to General Assembly resolution 1029 (XI) of 20 February 1957 and invites them, in terms of paragraph 1 of that resolution, to submit their commodity problems to the Commission on International Commodity Trade which, at its sixth session in May 1958, will prepare a report for consideration at the twenty-sixth session of the Economic and Social Council;
3. Draws the attention of the Economic and Social Council to the importance of the United Nations assisting in the promotion of international commodity agreements as an effective means of improving and stabilizing commodity prices;
4. Requests the Economic and Social Council to communicate to the General Assembly, at its regular session in 1958, the conclusions drawn from its action under this resolution.

Draft resolution III

Financing of economic development

The General Assembly,

In conformity with the determination of the United Nations, as expressed in its Charter, to promote social progress and better standards of life in larger freedom, and for these ends, to employ international machinery for the promotion of the economic and social advancement of all peoples,

Conscious of the particular needs of the less developed countries for international aid in achieving accelerated development of their economic and social infrastructure,

Recalling its resolutions on the establishment of an international fund for economic development within the framework of the United Nations and, in particular, reaffirming its unanimously adopted resolutions 724 A and B (VIII) of 7 December 1953,

Noting the recommendation of the Economic and Social Council in its resolution 662 B (XXIV),

Recognizing that the United Nations Expanded Programme of Technical Assistance is of proven effectiveness in promoting the economic development of the less developed countries,

Recognizing, however, that neither the Expanded Programme of Technical Assistance nor other existing programmes of the United Nations or the specialized agencies can now meet certain urgent needs which, if met, would advance the processes of technical, economic and social development of the less developed countries, and, in particular, would facilitate new capital investments of all types - private and public, national and international - by creating conditions which will make such investments either feasible or more effective,

Convinced that a rapidly achieved enlargement in the financial resources and scope of technical assistance rendered by the United Nations and the specialized agencies to the less developed countries would constitute a constructive advance in United Nations assistance and would be of immediate significance in accelerating their economic development,

Recognizing that, while long-term pledges are desirable, some Governments are unable to make financial commitments except with the approval of their legislatures and on an annual basis,

A

Commends the Ad Hoc Committee on the Question of the Establishment of a Special United Nations Fund for Economic Development for the work 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;

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B

1. Decides that, subject to the conditions prescribed hereunder, there shall be established as an expansion of the existing technical assistance and development activities of the United Nations and the specialized agencies a separate Special Fund which would provide systematic and sustained assistance in fields essential to the integrated technical, economic and social development of the less developed countries,

2. Decides further that, in view of the resources prospectively available at this time, which are not likely to exceed \$100 million annually, the operations of the Special Fund shall be directed towards enlarging the scope of the United Nations programmes of technical assistance so as to include special projects in certain basic fields to be defined by the Preparatory Committee provided for in paragraph 4 below, for example, intensive surveys of water, mineral and potential power resources; the establishment, including staffing and equipping, of training institutes in public administration, statistics and technology, and of agricultural and industrial research and productivity centres;

3. Considers that while, without impairing the separate identity of the Special Fund, the fullest possible use should be made of the existing machinery of the United Nations, the specialized agencies (including the existing international financial institutions) and the Expanded Programme of Technical Assistance, the Special Fund will require some new administrative and operational machinery;

4. Decides to establish a Preparatory Committee composed of representatives of _____ Governments^{1/} to do the following, taking into account the principles set out in the annex and the views and suggestions forwarded by Governments pursuant to paragraph 7 below:

(a) Define the basic fields of assistance which the Special Fund should encompass and, within these fields, the types of projects which should be eligible for assistance;

(b) Define in the light of paragraph 3 above, the administrative and operational machinery to be recommended for the Special Fund, including such changes as may be required in the present legislation and procedures of the Expanded Programme of Technical Assistance;

^{1/} To be filled in when the report is considered by the General Assembly.

(c) Ascertain the extent to which Governments would be willing to contribute to the Special Fund;

5. Requests the President of the General Assembly to appoint the members of the Preparatory Committee;

6. Invites the Secretary-General to provide the Preparatory Committee with all the necessary facilities, including the provision of such expert consultants as might be required;

7. Requests Governments to assist the Preparatory Committee in its work by forwarding their views and suggestions to the Preparatory Committee through the Secretary-General and, in particular, by indicating the extent to which they would be willing to contribute to the Special Fund;

8. Invites the Secretary-General, the executive heads of the specialized agencies and the Executive Chairman of the Technical Assistance Board to forward their views and suggestions to the Preparatory Committee;

9. Requests the Preparatory Committee to submit the results of its work in the form of a report and recommendations to the twenty-sixth session of the Economic and Social Council;

10. Requests the Economic and Social Council to transmit the Preparatory Committee's report, together with its own comments, to the thirteenth session of the General Assembly for final action;

11. Looks forward to the establishment of the Special Fund as of 1 January 1959;

12. Appeals to all States Members of the United Nations, in a spirit of co-operation and solidarity, to give the greatest possible assistance to the Special Fund;

C

Decides that as and when the resources prospectively available are considered by the General Assembly to be sufficient to enter into the field of capital development, principally the development of the economic and social infrastructure of the less developed countries, the General Assembly shall review the scope and future activities of the Special Fund and take such action as it may deem appropriate.

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ANNEX

I. The Special 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 it and as much as possible pledged or indicated for a number of years.

II. Assistance from the Special Fund shall be given only to projects which would make a contribution to the economic development of the requesting country or countries. The operations of the Special Fund shall be in conformity with the principles of the Charter of the United Nations and shall not be influenced by political considerations.

III. The Special Fund shall be administered by a chief executive officer under policies established by an executive body in accordance with such rules and principles as may be laid down by the General Assembly and the Economic and Social Council. The membership of the executive body shall be equally distributed between two groups, one consisting mainly of major contributing countries and the other consisting mainly of less developed countries. Each member of the executive body shall have one vote. Decisions of the executive body on questions of policy, including the allocation of funds, shall require a qualified majority vote.
