

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-