

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP

TO-	Name	Room No
1	Mr. Demuth	1023
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FOR-

Action	Initialing
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Full Report	Recommendation
Information	Signature

REMARKS

Second Draft: Your
comments will be appreciated

Date 4/16

From Ansel F. Luxford

ARTICLE I

PURPOSE OF AGREEMENT

This Agreement is entered into between the United Nations and the Bank for the purpose of ^{defining} ~~establishing~~ the relationship between the two international institutions and providing a mutually satisfactory basis for their cooperation.

[The parties recognize that while the Agreement can establish the basis for good working relations and effective cooperation, the attainment of these objectives must be accomplished through day-to-day dealings in an atmosphere of sympathetic understanding and mutual cooperation.]

ARTICLE II

STATUS OF THE PARTIES

1. The United Nations and the Bank both recognize:

1. That each is an international organization established by separate intergovernmental agreement;
2. That the purposes, functions and operations of each are set forth in their respective basic instruments and that the provisions thereof cannot be modified or affected by any provision in this Agreement or in any other agreement or understanding between the parties to this Agreement;
3. That each is governed by its own separate and distinct governing body and that each is responsible

only to its governing body for its policies and actions;

4. That each is ~~separately~~ independent of the other and in no sense subordinate to, or an agency or instrumentality of, the other;

5. That each has certain members in common with the other and that while neither is responsible to the other, each does have separate responsibilities to these common members;

6. That while each has certain members in common with the other, the voice of such members in their respective managements is not the same and hence, the policies and actions of each possibly may vary from those of the other from time to time;

7. That the Bank is ~~not~~ a specialized agency of the United Nations but only a specialized agency on instrumentality of those sovereign states which have accepted membership in the Bank pursuant to its Articles of Agreement.

What does this add?

Is this necessary?

6. That, ~~subject to the foregoing~~ ^{except where inconsistent with the} ~~independence of each organization~~ ^{fundamental} ~~to the fullest extent possible~~ ^{independence of action} ~~without prejudice to the judgment~~ ^{it is to} ~~benefit their mutual benefit~~ ^{benefit} ~~cooperate with one another~~ ^{cooperate with one another} ~~to the fullest practicable extent;~~ ^{to the fullest practicable extent;}

established by intergovernmental agreements having wide international responsibilities, as defined in Article 57 of the Charter of the United Nations.

The United Nations recognizes the Bank as a specialized agency, established by inter-governmental agreement and having wide international responsibilities, as defined in Article 57 of the Charter of the United Nations, and undertakes to cooperate with it as such.

ARTICLE III

TERMS OF REFERENCE

2. The Bank recognizes the United Nations as a general international organization and undertakes to cooperate with it as such. It further recognizes that under its Charter the United Nations is authorized to consult with and make recommendations for the coordination of the policies and activities of the various ^{specialized} ~~other~~ international agencies, ~~as defined in~~ established by intergovernmental agreement and having wide international responsibilities, as defined in their basic instruments, in economic, social, cultural, educational, health and related fields, as defined in Article 57 of the Charter of the U.N.

3. The United Nations recognizes:

- (a) The Bank as being responsible for taking such action as may be appropriate under its Articles of Agreement;
- (b) That while the Bank will consult freely with it on matters of mutual concern and will give careful consideration to its views, the very nature of the Bank's operations, and its Articles of Agreement by explicit provision, require that the Bank shall

Move to
Art. II

Special
Character

exercise its independent judgment on all matters within its competence and that it will not be influenced by other than economic considerations in making its decisions.

3. The United Nations further recognizes:

~~(b)~~ That ~~although~~ the Bank is an international organization, established by inter-governmental agreement,

~~it~~ occupies a unique position among the specialized agencies which substantially affects the degree to which it may participate in budgetary and financial arrangements entered into by other ^{such} ~~inter-governmental~~ agencies.

~~(b)~~ Specifically, the United Nations recognizes:

4 (i) That the Bank's capacity to fulfill its obligations for reconstruction and development depends in a large measure on its ability to raise large amounts of capital in the money markets of the world;

(a) (ii) That the success of the Bank's financing operations rests upon its ability to obtain and maintain the confidence of the investing public in the soundness of its operations and the ability and integrity of its management;

(b) (iii) That any direct or indirect commitments by the Bank to any government or inter-governmental organization which would tend to limit the Bank's

freedom of action under its Articles of Agreement, including its freedom of action on budgetary or other financial matters, could prejudice the Bank's ability to obtain adequate financing for essential programs of reconstruction and development

- 5 (c) In view of these special considerations and the unique position of the Bank, and in order that there should be no basis for any misconception of the Bank's relationship to the United Nations, the United Nations disclaims any right or power to modify any decision of the Bank on any budgetary, fiscal or other matter within the competence of the Bank pursuant to its Articles of Agreement. The United Nations further undertakes that in all its dealings with or with respect to the Bank, it will be mindful of the special character and problems of the Bank and will seek to reinforce its position as set forth above to the end that the Bank may be assisted in the discharge of its responsibilities in the field of reconstruction and development

international

- 61 4. All of the provisions of this Agreement shall be interpreted in accordance with the spirit of the provisions of this Article.

ARTICLE IV
REPRESENTATION

1. Representatives of the United Nations shall be invited to attend the meetings of the Board of Governors of the Bank. Such representatives also shall be invited to attend ~~those~~ *such* ^{other} meetings of the Executive Directors of the Bank as are concerned with matters on which, in the opinion of the Executive Directors, the views of the United Nations would be desirable. Representatives of the United Nations also shall be ~~entitled~~ to meet with the Executive Directors of the Bank whenever the United Nations ~~may~~ determines that it wishes to consult with the Bank in this manner concerning matters within the competence of the Bank to consider. At all such meetings ~~and~~ representatives
- of the UN*
- invited*
- of the type referred to*
- which they attend pursuant to the foregoing provisions*

such items, within the competence of the Bank to consider, as may be proposed by the United Nations. Similarly, the General Assembly, the Council and its commissions and the Trusteeship Council shall include on their agenda such items, within their competence to consider, as may be proposed by the Bank.

ARTICLE VI

CONSULTATION AND RECOMMENDATIONS

1. The Bank and the United Nations agree to consult fully and freely on all matters of mutual concern and within their respective capacities to consider. Similarly, both agree to offer the other the benefit of their views in the form of recommendations, or otherwise, on such matters whenever such procedure is deemed necessary or desirable and each agrees to give careful consideration to any views of the other so offered.
2. Each agrees that it will pursue the policy of avoiding formal recommendations to the other until after there has been full and free consultation between the two and until each has had an ample opportunity to weigh and consider the point of view of the other.

*Recommend when request
not recommended when not
request without
previous consultation*

3. The Bank recognizes the broad powers and obligations of the United Nations to study economic problems and make recommendations thereon. It further recognizes that in many instances these studies and recommendations may relate to the economic problems of countries seeking financial assistance through the Bank and that such studies and recommendations will require its careful consideration.

4. The United Nations, on the other hand, recognizes that it would not be appropriate, and would be prejudicial to the best interests of the Bank, for the United Nations to include in its studies or reports any specific recommendations as to whether [the Bank should or should not approve a specific loan application, or make a loan to a particular country, or for a particular project, or otherwise suggest the timing or the terms and conditions upon which the Bank should act in a given case.]

ARTICLE VII

EXCHANGE OF INFORMATION AND DOCUMENTS

The United Nations and the Bank will promptly exchange ^{relevant} all information and documents ^{so far as} ~~to the fullest extent possible~~

of mutual interest to both of them