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ESTABLISHMENT OF A UNITED NATIONS CAPITAL DEVELOPMENT FUND; REPORT OF THE COMMITTEE ON A UNITED NATIONS CAPITAL DEVELOPMENT FUND

Report of the Second Committee

Rapporteur: Mr. A. RAMAHOLIMIHASO (Madagascar)

1. The General Assembly, at its 1336th plenary meeting, on 24 September 1965, allocated to the Second Committee agenda item 39 entitled "Establishment of a United Nations capital development fund".
2. The Committee considered this item at its 985th to 988th meetings from 16 to 18 November 1965.
3. In considering this item, the Committee had before it a note by the Secretary-General (A/5997); the report of the fourth session of the Committee on a United Nations Capital Development Fund (A/5748); the summary record of the 33rd meeting of the Committee on a United Nations Capital Development Fund (A/AC.102/SR.33); a study by the Secretary-General of the practical steps involved in the transformation of the Special Fund into a United Nations capital development fund (E/3947); the report of the Economic and Social Council to the nineteenth session of the General Assembly;^{1/} and the Final Act and Report of the United Nations Conference on Trade and Development.^{2/}
4. The Committee also had before it a draft resolution (A/C.2/L.796/Rev.2 and Add.1-3) submitted by Afghanistan, Algeria, Argentina, Burma,

1/ Official Records of the General Assembly, Nineteenth Session, Supplement No. 3 (A/5803) chapter V, section II.

2/ Final Act and Report of the United Nations Conference on Trade and Development (United Nations publication, Sales No. 64.II.B.11)(E/CONF.46/141, volume I, third part, annex A, recommendations A.IV.7 and 8 and annex F, paras. 194-223)

Cameroon, Ceylon, Chile, Ethiopia, Guinea, India, Iran, Iraq, Jordan, Lebanon, Malaysia, Mali, Mauritania, Morocco, Nigeria, the Philippines, Somalia, Sudan, Syria, Thailand, Tunisia, the United Arab Republic, the United Republic of Tanzania, Yugoslavia and Zambia, which read as follows:

"The General Assembly,

"Recalling its resolution 1521 (XV) of 15 December 1960, by which it was decided in principle that a United Nations capital development fund shall be established,

"Recalling further its resolutions 1706 (XVI) of 19 December 1961, 1826 (XVII) of 18 December 1962 and 1936 (XVIII) of 11 December 1963, on the basis of which preparatory steps have been undertaken with a view to starting the operations of the Fund,

"Bearing in mind the provisions of part III of its resolution 1219 (XII) of 14 December 1957 and part C of its resolution 1240 (XIII) of 14 October 1958, as well as the provisions contained in the fifth paragraph of the preamble of its resolution ... of ... November 1965,

"Taking into account recommendations A.IV.7 ('United Nations Capital Development Fund') and A.IV.8 ('Gradual Transformation of the United Nations Special Fund') of the United Nations Conference on Trade and Development, as well as the provisions contained in paragraphs 6 and 7 of General Assembly resolution ... of ... November 1965,

"Being convinced that the United Nations assistance programmes are designed to support and supplement the national efforts of developing countries in solving the most important problems of their economic development, and above all in the field of industrial development,

"Taking note of the study prepared by the Secretary-General of 'the practical steps to transform the Special Fund into a Capital Development Fund in such a way as to include both pre-investment and investment activities',

"Having considered the report of the Committee on a United Nations Capital Development Fund at its fourth session,

"1. Reaffirms the need for extending United Nations economic assistance to the field of investment activities in the developing countries;

"2. Renews its appeal addressed to the economically advanced countries to reconsider the possibility of undertaking measures designed to ensure the beginning of the operations of a United Nations Capital Development Fund at an early date;

"3. Urges the Governing Council of the United Nations Development Programme to consider, at its second meeting in 1966, the ways and means

for an effective implementation of recommendation A.IV.8 of the United Nations Conference on Trade and Development;

"4. Decides to extend the mandate of the Committee on a United Nations Capital Development Fund so as to enable it to carry out the tasks envisaged in General Assembly resolutions 1826 (XVII) and 1936 (XVIII);

"5. Instructs the Committee:

(a) To undertake, taking into account the work of the Governing Council of the United Nations Development Programme and in co-operation with the Secretary-General, consultations with the Member States regarding the additional resources which should be obtained through voluntary contributions with a view to initiating activities of investment proper within the framework of this programme;

(b) To make further efforts with a view to reaching a large measure of agreement on the draft legislation (statute) of the United Nations Capital Development Fund, bearing also in mind the alternative of starting operations through a gradual transformation of the United Nations Development Programme;

"6. Requests the Committee to report to the Economic and Social Council at the forty-first session, which will transmit it, together with its comments, to the General Assembly at the twenty-first session, for action."

At the 985th meeting, the representative of Yugoslavia, on behalf of the sponsors, introduced the draft resolution.

5. At the 986th meeting, the representative of the Union of Soviet Socialist Republics proposed the following oral amendments to the twenty-nine-Power draft resolution (A/C.2/L.796/Rev.2 and Add.1-3):

(a) Operative paragraph 3 should be replaced by the following text:

"Urges the Governing Council of the United Nations Development Programme to consider, at its second meeting in 1966, the ways and means for an effective implementation of the provisions of part III of General Assembly resolution 1219 (XII) of 14 December 1957 and part C of its resolution 1240 (XIII) of 14 October 1958, the provisions of General Assembly resolution 1936 (XVIII) of 11 December 1963, as well as recommendations A.IV.7 and A.IV.8 of the United Nations Conference on Trade and Development concerning a capital development fund, including the possibility of ensuring through the United Nations Development Programme the beginning of the investment activities by the apportionment for this purpose of a part of the funds contributed for the Programme by the participating countries;"

(b) Sub-paragraphs (a) and (b) of operative paragraph 5 should be replaced by the following text:

"To undertake, taking into account the results of the work of the Governing Council of the United Nations Development Programme and in co-operation with the Secretary-General and in consultation with the Member States, further efforts with a view to reaching a large measure of agreement on the draft legislation (statute) of the United Nations Capital Development Fund, bearing in mind starting investment operations in the nearest future through a gradual transformation of the United Nations Development Programme by the apportionment for this purpose of a part of the funds available for this programme from participating countries, as well as other additional voluntary contributions;"

6. At the 987th meeting, the representative of Jordan, on behalf of the co-sponsors, who were now joined by Gabon, Ghana and Niger, introduced a further revision of their draft resolution (A/C.2/L.796/Rev.3), which contained the following changes:

(a) In the third paragraph of the preamble, the word "fifth" would be changed to "sixth";

(b) In the fourth paragraph of the preamble, the words "paragraphs 6 and 7" would be replaced by the words "paragraphs 7 and 8";

(c) Operative paragraph 2 would be reworded as follows:

"2. Urges the economically advanced countries to undertake measures designed to ensure the beginning of the operations of a United Nations Capital Development Fund at an early date;"

(d) The word "Urges" in operative paragraph 3 would be replaced by the word "Requests", and the following words would be added at the end of the paragraph: "bearing in mind the provisions of part III of General Assembly resolution 1219 (XII) of 14 December 1957 and part C of General Assembly resolution 1240 (XIII) of 14 October 1958;"

(e) A new operative paragraph would be inserted between operative paragraphs 3 and 4, as follows:

"4. Invites the Secretary-General of the United Nations to undertake consultations with the Member States regarding the additional resources which should be obtained through voluntary contributions with a view to initiating activities of investment proper;"

(f) The following words would be added at the end of operative paragraph 4 (now operative paragraph 5): "taking into account results of the work of the Governing Council of the United Nations Development Programme, as well as the results of the consultations of the Secretary-General with the Member States;"

(g) Operative paragraph 5 (now operative paragraph 6) would be reworded as follows:

"6. Instructs further the Committee to make new efforts with a view to reaching a large measure of agreement on the draft legislation (statute) of the United Nations Capital Development Fund, bearing also in mind the alternative proposals for starting operations through a gradual transformation of the United Nations Development Programme;"

(h) In operative paragraph 6 (now operative paragraph 7) the word "necessary" should be inserted before the word "action".

7. The representative of the Union of Soviet Socialist Republics thanked the sponsors of the revised draft resolution (A/C.2/L.796/Rev.3) for having taken into account some of his delegation's amendments. He did not request a vote on the amendments.

8. At its 988th meeting, the Committee voted on the thirty-two-Power revised draft resolution (A/C.2/L.796/Rev.3). The voting was as follows:

(a) Operative paragraph 1, on which a separate vote had been requested by Denmark, was retained by 79 votes to 8, with 5 abstentions;

(b) The first part of operative paragraph 3, "Requests the Governing Council... United Nations Conference on Trade and Development", on which a separate vote had been requested by Denmark, was retained by 80 votes to 7, with 6 abstentions;

(c) Operative paragraph 4, on which a separate vote had been requested by the Union of Soviet Socialist Republics, was retained by 60 votes to 5, with 26 abstentions;

(d) The draft resolution as a whole was adopted by 73 votes to 8, with 12 abstentions.

RECOMMENDATION OF THE SECOND COMMITTEE

9. The Second Committee therefore recommends to the General Assembly the adoption of the following draft resolution:

Establishment of a United Nations capital development fund

The General Assembly,

Recalling its resolution 1521 (XV) of 15 December 1960, by which it was decided in principle that a United Nations capital development fund should be established,

Recalling further its resolutions 1706 (XVI) of 19 December 1961, 1826 (XVII) of 18 December 1962 and 1936 (XVIII) of 11 December 1963, on the basis of which preparatory steps have been undertaken with a view to starting the operations of the fund,

Bearing in mind the provisions of section III of its resolution 1219 (XII) of 14 December 1957 and part C of its resolution 1240 (XIII) of 14 October 1958, as well as the provisions contained in the sixth paragraph of the preamble of its resolution 2029 (XX) of 22 November 1965,

Taking into account recommendations A.IV.7 (United Nations Capital Development Fund) and A.IV.8 (Gradual transformation of the United Nations Special Fund) of the United Nations Conference on Trade and Development, as well as the provisions contained in paragraphs 7 and 8 of General Assembly resolution 2029 (XX),

Being convinced that the United Nations assistance programmes are designed to support and supplement the national efforts of developing countries in solving the most important problems of their economic development, and above all those relating to industrial development,

Taking note of the study prepared by the Secretary-General on the practical steps to transform the Special Fund into a capital development fund in such a way as to include both pre-investment and investment activities,^{3/}

Having considered the report of the Committee on a United Nations Capital Development Fund on its fourth session,^{4/}

1. Reaffirms the need for extending United Nations economic assistance to the field of investment activities in the developing countries;
2. Urges the economically advanced countries to undertake measures designed to ensure the beginning of the operations of a United Nations capital development fund at an early date;
3. Requests the Governing Council of the United Nations Development Programme to consider, at its second meeting in 1966, the ways and means for an effective implementation of recommendation A.IV.8 of the United Nations Conference on Trade and Development, bearing in mind the provisions of section III of General Assembly resolution 1219 (XII) and part C of General Assembly resolution 1240 (XIII);

^{3/} E/3947.

^{4/} A/5748.

4. Invites the Secretary-General to undertake consultations with the Member States regarding the additional resources which should be obtained through voluntary contributions with a view to initiating activities of investment proper;
 5. Decides to extend the mandate of the Committee on a United Nations Capital Development Fund so as to enable it to carry out the tasks envisaged in General Assembly resolutions 1826 (XVII) and 1936 (XVIII), taking into account the results of the work of the Governing Council of the United Nations Development Programme, as well as the results of the Secretary-General's consultations with the Member States;
 6. Instructs further the Committee to make new efforts with a view to reaching a large measure of agreement on the draft legislation (statute) of the United Nations Capital Development Fund, bearing also in mind the alternative proposals for starting operations through a gradual transformation of the United Nations Development Programme;
 7. Requests the Committee to submit its report to the Economic and Social Council at its forty-first session, for transmission, together with the Council's comments, to the General Assembly at its twenty-first session for necessary action.
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