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UNITED NATIONS CAPITAL DEVELOPMENT FUND

Note by the Secretary-General

The United Nations Capital Development Fund was established in December 1966 as an autonomous organization within the United Nations by General Assembly resolution 2136 (XXI), which set out the provisions under which the Fund would function. In its resolution 2321 (XXII), adopted in December 1967, the General Assembly, after "considering that, owing to the initial lack of financial resources, it would not be possible, in the first year, to give full effect" to resolution 2136 (XXI), invited the Secretary-General "to ask the Administrator of the United Nations Development Programme to administer the United Nations Capital Development Fund by performing the functions of the Managing Director, as set forth in article IX of resolution 2136 (XXI)", and decided that the Governing Council of the United Nations Development Programme should "perform, as appropriate, the functions of the Executive Board of the United Nations Capital Development Fund as set forth in article VIII" of that resolution. The provisional allocation of these responsibilities to the Governing Council and the Administrator of UNDP did not diminish the responsibilities of the Secretary-General of the United Nations under General Assembly resolution 2136 (XXI), which include the tasks of preparing financial regulations of the Fund and of inviting contributions to the Fund.

The question of the implementation of UNDP's provisional responsibilities under General Assembly resolution 2321 (XXII) and the operating policies, methods, procedures and financial regulations of the United Nations Capital Development Fund

was subsequently discussed by the Governing Council of UNDP at its fifth and sixth sessions, by the Economic and Social Council at its forty-fifth session, and by the Trade and Development Board at its seventh session. The matter was then discussed again by the General Assembly at its twenty-third session. On 17 December 1968 the Assembly adopted resolution 2410 (XXIII), in which it decided to continue the provisional arrangements for the functioning of the Fund and to review the whole question of the institutional arrangements for the Fund at its twenty-fourth session. In resolution 2410 (XXIII) the Assembly also endorsed Economic and Social Council resolution 1350 (XIV), in which the Council had endorsed the decision taken by the UNDP Governing Council at its sixth session to request the Administrator "to continue his efforts with a view to beginning the operations of the United Nations Development Fund including the identification of specific projects in the programme of work of different organizations of the United Nations system which can benefit from investment within the scope of the existing resources of the United Nations Capital Development Fund".

In January 1969 the Administrator accordingly submitted a report (DP/L.96) to the seventh session of the Governing Council in which he suggested that the Governing Council, serving as Executive Board of the Fund, should consider and decide upon the provisional operating policies and guidelines of the Fund, and in particular on the following:

- (a) The initiation of the Fund's operations on a provisional basis with the level of resources currently pledged;
- (b) The type of operations which it would be prepared to authorize;
- (c) The proposed arrangements for the payment of pledges;
- (d) The interim financial regulations;
- (e) The authorization for the Administrator to take the necessary steps for the provisional administration of the Fund.

The Governing Council decided to proceed with the initiation of the Fund's operations "on a provisional basis with the level of resources currently pledged" and also approved the interim financial regulations, as set forth in chapter VIII of the report of the Administrator at the sixth session (DP/L.82). It further requested the Administrator of UNDP to make "specific project recommendations" for approval, if possible, at its eighth session (June 1969), but not later than

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its ninth session. It also requested the Secretary-General of the United Nations to invite countries which had pledged but not yet made contributions to the Fund to make them in cash or in kind.<sup>1/</sup>

At its eighth session the Governing Council, acting as the Executive Board of the United Nations Capital Development Fund, approved interim arrangements recommended by the Administrator (DP/L.111) as one way of initiating operations under which countries contributing to the Fund could fulfil their pledges in kind by making equipment of their own manufacture available as supplementary assistance or as follow-up investment on UNDP-assisted projects in other developing countries. It was also agreed that the Administrator would negotiate with pledging countries the terms under which the equipment thus contributed would be made available. The Administrator was further requested to explore other possibilities of making the Fund fully operational.<sup>2/</sup>

The question of the United Nations Capital Development Fund was discussed by the Economic and Social Council at its forty-seventh session. The interim arrangements adopted by the UNDP Governing Council were welcomed and an appeal was made to all countries, particularly the advanced countries, to contribute to the Fund.<sup>3/</sup>

The Third Pledging Conference for the United Nations Capital Development Fund will be convened by the Secretary-General on 10 October 1969 in accordance with article IV, paragraph 3, of General Assembly resolution 2186 (XXI). The First Pledging Conference, held on 31 October 1967, was attended by only sixty-four countries, of which only twenty-one made pledges, amounting to the equivalent of \$1,319,910. The Second Pledging Conference was held on 18 November 1968: sixty-one countries attended, and thirty-one countries announced pledges, which amounted to a total equivalent to \$1,356,716. The total amount pledged at the two Conferences was thus the equivalent of \$2,676,626, most of which was pledged in non-convertible currency. Of this amount, the equivalent of \$297,414 has been paid.

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1/ See E/4609, para. 200.

2/ See E/4706, para. 286.

3/ Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 3 (A/7603), para. 338.