GOVERNING COUNCIL
Twenty-eighth session
June 1981
Agenda item 12

ADOPTION OF THE REPORT OF THE GOVERNING COUNCIL
TO THE ECONOMIC AND SOCIAL COUNCIL AT ITS SECOND
REGULAR SESSION, 1981

Draft report of the Governing Council on its twenty-eighth session

Rapporteur: Mr. Anton Baramov (Bulgaria)

CHAPTER V. D, E, and F

D. United Nations Revolving Fund for Natural Resources Exploration

1. For its consideration of agenda item 7 (d), the Council had before it
the annual report of the Administrator for 1980 on the Revolving Fund
(DP/537), the report of the Working Group of Government Experts (E/1981/23), a
note by the Administrator (DP/538) on the report of the Working Group, and
four recommendations by the Administrator (DP/NRE/PROJECTS/1-4) for projects in
Benin, Congo, Mali and Argentina respectively.

2. At the Council's 717th meeting, the Assistant Administrator, Bureau for
Special Activities, and the Director of the Revolving Fund introduced the matters
to be taken up under this agenda item. The views expressed during the Council's
consideration of the item are contained in documents DP/SR.712, 716, 717, 721-724
and DP/SR.727.

3. At its 722nd meeting, the Council adopted the draft decision contained in
paragraph 26 of document DP/537, as orally revised. The text of the decision
appears in the annex below as section I of decision 81/8.

4. At the same meeting, the Council approved the project recommendations
contained in documents DP/NRE/PROJECTS/1-4. The text of the decision appears in
the annex below as sections II and III of decision 81/8.

5. At its 727th meeting, the Council adopted the draft decision contained in
document DP/L.352/Rev.1. The text of the decision appears in the annex below as
section IV of decision 81/8.

81-17088
E. United Nations Interim Fund for Science and Technology for Development

6. For its consideration of agenda item 7 (e), the Council had before it a report of the Administrator on the Interim Fund (DP/539).

7. At the Council's 720th meeting, the Administrator introduced his report. The views expressed during the Council's consideration of this item are contained in documents DP/SR.710, 712, 714, 716, 717, 720, 721, 723 and 727.

8. At its 727th meeting, the Council adopted the draft decision contained in document DP/L.351. The text of the decision appears in the annex below as decision 81/9.

F. Interim arrangements for energy exploration and pre-investment surveys

9. For its consideration of agenda item 7 (f), the Council had before it a report of the Administrator on action taken with respect to the Energy Account and the preparation by UNDP for the United Nations Conference on New and Renewable Sources of Energy, Nairobi, 10-21 August 1981 (DP/540).

10. At the Council's 726th meeting the Deputy Assistant Administrator for the Bureau for Programme Policy and Evaluation introduced the report of the Administrator. The views expressed during the Council's consideration of this item are contained in document DP/SR.726 and 727.

11. At its 727th meeting, the Council adopted a draft decision contained in paragraph 18 (a) of DP/540, as well as two additional paragraphs which were read by the President of the Council. The text of the decision appears in the annex below as decision 81/10.
ANNEX

Decision 81.8. United Nations Revolving Fund for Natural Resources Exploration

The Governing Council,

I

1. Takes note of the report of the Administrator on the activities of the United Nations Revolving Fund for Natural Resources Exploration in 1980 (DP/537);

2. Decides to delegate to the Administrator authority to approve supplementary short-term funding, subject to the availability of funds, beyond approved allocations at any stage in project development, where further work would be vital to the continuation of field operations, and until such time as the next Governing Council is convened, on the understanding that such action will be reported to the Governing Council at its regular annual session;

3. Appeals to Governments to contribute generously to the Fund in order that it can respond to the requests of developing countries; and

4. Recognizes that an annual funding target of at least $10 million is desirable for the Fund's solid minerals exploration programme; and

5. Requests the Fund to reopen negotiations with those countries whose projects were approved by the Governing Council in its decision 80/29 and which have since been cancelled and to present possible new projects to the Council at its twenty-ninth session.

II

1. Notes the approval by the Administrator of the minimum work of the following three projects:

   (a) Exploration for kaolin in Benin (BEN/NR/78/001) (DP/NRE/PROJECTS/1) in the amount of $100,000;

   (b) Investigations on the offshore phosphate deposits (Pointe Noire Sector) in Congo (PRC/NR/79/001) (DP/NRE/PROJECTS/2) in the amount of $165,000;

   (c) Mineral exploration in the Adrar Des Iforas (MLI/NR/78/001) (DP/NRE/PROJECTS/3) in the amount of $1,300,000.

2. Approves the following three projects:

   (a) Exploration for kaolin in Benin (BEN/NR/78/001) (DP/NRE/PROJECTS/1) involving a total possible expenditure of $600,000;
(b) Investigations on the offshore phosphate deposits (Pointe Noire Sector) in Congo (FRC/NR/79/001) (DP/NRE/PROJECTS/2) involving a total possible expenditure of $865,000;

(c) Mineral exploration in the Adrar Des Iforas (MLI/NR/78/001) (DP/NRE/PROJECTS/3) involving a total possible expenditure of $2.8 million; and

3. Decides that these approvals shall be cancelled unless the respective Governments and the Fund shall have signed project agreements within a period of nine months after the date of approval of the minimum work, it being understood that the Governing Council shall be notified of any such cancellation at the Council's first session after such action has been taken.

II

Approves the supplementary project recommendation, Mineral exploration in the Province of Chubut (ARG/NR/77/001) (DP/NRE/PROJECTS/4), involving additional funding up to a maximum of $650,000.

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IV


2. Reaffirms that the functions and scope of the Fund should include assisting countries in their efforts to pursue the findings of a solid minerals exploration project in such a way as to improve its chances of reaching the stage of exploitation, and agrees that, for such activities the Fund may negotiate a replenishment contribution based on reimbursement to the Fund as specified in paragraph 35 of the report of the Working Group of Government Experts;

3. Confirms that the present 2 per cent rate of replenishment contributions in respect of solid minerals should be maintained, but with a concessional reduction of the rate to 1 per cent in the case of the least developed countries;

4. Decides that a ceiling of 10 times project costs at constant prices should be applied to repayment by recipient countries to the Fund for successful exploration projects for solid minerals;

5. Decides to review at the twenty-ninth session of the Council the possible expansion of the Fund's activities under its mandate to include geothermal energy as recommended by the Working Group in the light of relevant decisions taken at the United Nations Conference on New and Renewable Sources of Energy;

6. Requests the Administrator, with respect to operative paragraph 5 above, to report to the Governing Council at its twenty-ninth session on the nature and scope of requests for assistance in the field of geothermal energy, and the capacity of the Fund to respond thereto;
7. Recognizes the United Nations Development Programme's over-all role of policy guidance and co-ordination and that its administration of the Fund assures appropriate support to carry out its managerial and financial responsibilities;

8. Agrees that the Fund should maintain a core of technical staff for decision-making, particularly in order to ensure adequate direction of all aspects of project selection, financing and management;

9. Endorses the recommendation of the Working Group of Government Experts that maximum use should be made of the technical services of the Division of Natural Resources and Energy of the Department of Technical Co-operation for Development for the operational activities of the Fund;

10. Decides that the Joint Operations Group of the Fund should be chaired by the Administrator or his representative;

11. Requests the Administrator to apply the necessary modifications to the present operational procedures and administrative arrangements (DP/142) of the Fund in accordance with this decision;

12. Decides that a second review of the activities of the Revolving Fund for Natural Resources Exploration should be carried out at a later date, to be determined by the Governing Council;

13. Recommends that the Economic and Social Council take note of the report of the Working Group of Government Experts;

14. Further recommends that the Economic and Social Council adopt the following resolution:

The Economic and Social Council,

(a) Takes note of Governing Council decision 81/8;

(b) Endorses the recommendations contained in that decision;

(c) Decides to amend its resolution 1762 (LIV) as follows:

(i) Paragraph 1 (h) (ii): "Payments by recipient participating States as specified in Project Agreements with the Fund";

(ii) Paragraph 1 (i): "... the rate of repayment and the length of the repayment period should be on the basis of the pertinent provisions contained in the operational procedures and administrative arrangements approved by the governing body of the Fund"; and

(iii) Paragraph 1 (m): "The Governing Council of the United Nations Development Programme shall continue to be the governing body of the Fund"; and
(d) Urges all States Members of the United Nations to recognize the need for additional voluntary contributions to the Fund in order for it to fulfil more adequately its mandate for the benefit of developing countries.

727th meeting
23 June 1981

Decision 81/9. United Nations Interim Fund for Science and Technology for Development

The Governing Council,

Recalling General Assembly resolution 34/218 of 23 January 1980 providing, inter alia, for the establishment of an Interim Fund for Science and Technology for a two-year period ending on 31 December 1981, and a Financing System for Science and Technology to come into being from 1 January 1982,

Being concerned to ensure an orderly transfer of the functions and responsibilities of the Interim Fund to the Financing System,

1. Decides to authorize the Administrator, in response to decisions and requests from competent inter-governmental bodies, to make arrangements to ensure an orderly transition from the Interim Fund to the Financing System covering, inter alia:

(a) Transfer of the assets, resources, and commitments against such resources and assets of the Interim Fund to the Financing System;

(b) Acceptance of any additional pledges and payments of past pledges, including cost sharing funds and trust funds, intended by contributors for the benefit of the Interim Fund or the Financing System;

(c) If needed, continued administration and monitoring of approved projects and the approval of new projects subject to any decisions or modalities regarding approval of projects which may be agreed by competent intergovernmental bodies as applicable during the transition period;

(d) Extension of the contracts of existing staff of the Interim Fund as necessary beyond 31 December 1981 to undertake the functions set out in (a), (b) and (c) above;

2. Further decides that the carrying out of the responsibilities set out in paragraphs 1 and 3 is conditional on the agreement of the competent intergovernmental bodies that the costs involved shall be chargeable to the resources of the Interim Fund or the Financing System or to sources other than UNDP funds or resources; and

/...
3. Authorizes the Administrator to assist the Financing System, if so requested, in the preparation of the articles of agreement, the prospectus and such other documents as may be needed to enable the Financing System to undertake its responsibilities.

Decision 81/10. *Interim arrangements for energy exploration and pre-investment surveys*

The Governing Council,


2. Expresses its satisfaction with the progress made in assisting Governments in the identification, planning and implementation of high priority energy projects;

3. Authorizes, in principle, the Administrator to accept the administration and management of any new funding mechanism for activities related to energy, if so requested by the United Nations Conference on New and Renewable Sources of Energy and endorsed by the General Assembly.