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GOVERNING COUNCIL  
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Agenda item 7 (d)

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

Report of the Working Group of Government Experts

Draft decision

The Governing Council,

1. Takes note of the report of the Working Group of Government Experts, as contained in document E/1981/23 and the views expressed thereon;
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/\_\_\_\_\_;
- (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.