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S U P P O R T

OTHER FUNDS AND PROGRAMMES

UNITED NATIONS FINANCING SYSTEM FOR SCIENCE AND TECHNOLOGY FOR DEVELOPMENT

Report of the Administrator

Summary

The United Nations Financing System for Science and Technology for Development (UNFSSTD) was established as a separate and identifiable fund by General Assembly resolution 34/218 in December 1979. It became operational on an interim basis in 1980 and its long-term financial and institutional arrangements were established by General Assembly resolution 37/244 in December 1982. A number of important issues are to be decided by the Intergovernmental Committee on Science and Technology for Development at a special session in April 1983. Until then, the Financing System will continue to operate under the terms of existing legislative authority, i.e., GA resolutions 34/218 and 36/183, which, inter alia, requires the Administrator to report to the Governing Council on the developments and progress of the Financing System.

LONG-TERM INSTITUTIONAL ARRANGEMENTS

1. Under the terms of the new legislation the institutional arrangements of the UNFSSTD consist of the Intergovernmental Committee on Science and Technology for Development, the Executive Board, and the Secretariat. The Intergovernmental Committee on Science and Technology for Development continues as the directing and policy-making body and the Executive Board is to be responsible for the operations and conduct of the System, including financial planning and the approval of projects.
2. The Secretariat of the UNFSSTD is under the overall supervision of the Administrator of UNDP who reports to the Executive Board on its operations and activities. He also reports, in consultation with the Director-General, to the Intergovernmental Committee on Science and Technology for Development on the activities and progress of the Financing System. The day-to-day management of the System is the responsibility of its executive head who directly supervise the Secretariat in both its substantive operational functions and in providing secretariat support to the Executive Board as called for in the enabling legislation.
3. The UNFSSTD will continue to integrate its activities administratively and operationally within the United Nations machinery for development co-operation. In accordance with defined procedures, it will rely on technical comments by United Nations specialized agencies, the Centre for Science and Technology, UNDP Bureaux and independent consultants. It will also continue to use, under co-operative arrangements, the administrative and support services of UNDP headquarters and its worldwide field network in appraising, evaluating and implementing projects. The Administrator will report annually to the UNDP Governing Council on co-operation between the UNDP and the Financing System and on other matters of mutual interest.
4. It can be seen then that the difficult steps of setting up the legal and organizational framework within which the Financing System is to operate have been taken. In addition to the legislative action taken by Member States, the Financing System itself, with the help of many other organizations in the United Nations system, and on the basis of three years of experience, has been able to establish the managerial and operational machinery necessary for the future work of the Financing System. It has developed a specialized body of technical knowledge, a wide network of contacts with both scientific and financial institutions and a set of operational procedures based on the UNDP experience, tailored to its specific needs, and the special mandate given to it by the General Assembly.

FINANCIAL RESOURCES

5. In 37/244, the General Assembly decided that the System be organized on a voluntary and universal basis with 1983-1985 targets of \$300 million in core resources and an equivalent amount in non-core resources. The System is empowered to dispense both loans and grants. The resources generated under the System's interim period amounted to about \$35 million. At the pledging conference held in March 1982, for this transitional year 13 countries pledged \$4,484,789 in new resources while 22 countries stated that they would announce pledges at a later date. Cumulative pledges covering the three-year period from 1980-1982 total \$39,484,789. Additional resources are becoming available through trust fund arrangements and negotiations are proceeding with governments and financial institutions on a substantial volume of such resources.

6. One of the main issues to be decided at the special session of the Committee on Science and Technology for Development in April 1983, is the establishment of a three-year financing plan covering the period 1983-1985. The target established for core resources for this period is \$300 million based on a progressive buildup of resources, which is to be provided by both developed and developing countries in freely convertible currencies. The pattern of these contributions are also to be determined in the financing plan. Non-core resources which are to be in reasonably equivalent proportion to core resources are to be mobilized from a variety of sources including co-financing, multi-bilateral contributions, trust funds, loans and other sources. The target for both core and non-core resources is \$600 million for the period 1983-1985.

PROJECT OPERATIONS

7. The System and its predecessor, the Interim Fund, have responded to over 900 projects and proposals from Governments. Under authority delegated to him as head of the Interim Fund, the Administrator approved 65 projects with an average cost of about \$500,000. In 1982, he approved an additional 18 projects which, in view of financial constraints, were mainly smaller self-contained elements of original project requests. Discussions continue with potential donors to establish co-financing arrangements for a portfolio of about 40 projects, which had been fully developed and are awaiting financing. Currently there are 83 projects amounting to \$37.9 million under implementation, of which nearly half are executed by governments themselves. Eighteen per cent of the total has been for regional and interregional projects in line with legislated targets for such activities.

8. Of particular interest is the fact that the Financing System has already moved to implement Governing Council decision 82/5, arranging for financing of a computer software project between the Governments of Norway and China, through a trust fund arrangement, which utilizes the special provisions of this decision. Similar negotiations are currently underway with other donor and recipient countries which, if successful, will result in a substantial increase in international co-operation in science and technology.

9. The following table summarizes the projects approved by the Financing System during its interim and transitional years, 1980-1982, according to the programme categories defined in the Vienna Programme of Action.

| <u>Programme Category</u> | <u>No. of Projects</u> | <u>Amount</u> | <u>Percentage</u> |
|--|------------------------|---------------|-------------------|
| I. Scientific and technological policies and plans for development | 12 | 3,513,670 | 9 |
| II. The creation and strengthening of scientific and technological infrastructure | 12 | 5,689,950 | 15 |
| III. The choice acquisition and transfer of technology | 16 | 5,961,900 | 16 |
| IV. The development of human resources for science and technology | 11 | 4,644,916 | 12 |
| V. The financing of science and technology for development | -- | -- | -- |
| VI. Scientific and technological information | 4 | 2,615,410 | 7 |
| VII. The strengthening of research and development in and for developing countries and their linkage to the productive system | 21 | 13,463,538 | 36 |
| VIII. The strengthening of co-operation in the field of science and technology among developing countries and between developing and developed countries | 7 | 2,024,000 | 5 |
| TOTAL | 83 | 37,913,384 | 100 |