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P O L I C Y

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

TRUST FUNDS

Trust funds conditioned on procurement from the donor country

Report of the Administrator

Summary

This report was prepared in response to paragraph 8 of Governing Council decision 84/35 which requests the Administrator to submit to the Council, at its thirty-third session, a full report with his recommendations, on the issue of trust funds conditioned on procurement from the donor country including, in particular, an evaluation of the sectoral and geographical distribution of the use of funds conditioned on procurement from a donor country, and on procurement procedures utilized as well as the effects obtained.

Paragraphs 22 and 23 of this report contain the Administrator's recommendation on the subject which is not to accept any new projects under the modality of tied trust funds in respect of the activities of the United Nations Sudano-Sahelian Office and the United Nations Capital Development Fund. With respect, however, to the activities of the United Nations Financing System for Science and Technology for Development, the Administrator recommends that the status quo prior to 30 April 1986 should be maintained until such time as the General Assembly reaches a final decision regarding the future of the Fund.

I. BACKGROUND

1. The first authority for accepting trust funds conditioned on procurement from the donor country was granted by the Governing Council in its decision 82/5, section IV, paragraph 4, adopted at its twenty-ninth session in 1982, and was limited to a period of approximately one year. At its thirtieth session in 1983, the Governing Council adopted decision 83/32 which extended the first authority until 30 April 1984. The subject of trust funds conditioned on procurement from the donor country was last dealt with by the Council at its thirty-first session in June 1984. Following its deliberations on the subject, the Council adopted decision 84/35 which contained a number of important elements. It decided to extend until 30 April 1986 the experimental period during which trust funds conditioned on procurement from the donor country might be accepted with regard to the activities of the United Nations Sudano-Sahelian Office (UNSO), the United Nations Capital Development Fund (UNCDF) and the United Nations Financing System for Science and Technology for Development (UNFSSTD). The extension period lengthened to almost four years the total experimental period approved by the Governing Council for this type of financing modality.

2. It is important to note that, with respect to UNSO and UNCDF, the Council in its decision 84/35 decided that the experimental period would not be extended beyond 30 April 1986 and that it would make a final decision regarding the question of trust funds conditioned on procurement from the donor country at its thirty-third session. Regarding UNFSSTD, decision 84/35 simply extended Council decision 83/32 until 30 April 1986.

3. During the discussion on this subject in the Budgetary and Finance Committee at the thirty-first session of the Council, a divergence of view was expressed regarding the continued use of this modality. Some members expressed the view that the modality of tied trust funds should continue. Other members urged the Administrator to consider ways of using alternative forms of financing, such as parallel financing and, specifically, the authority granted to him under decision 83/5, section IV, to provide management services to recipients of bilateral aid. In this connection, decision 84/35 noted that the Administrator could, at the request of a recipient country for bilaterally financed projects, provide a full range of services, including procurement and financial services, as part of management services. During deliberations at the Council's thirty-second session, members of the Budgetary and Finance Committee again endorsed the use of the alternative modality of management services and encouraged the Administrator to provide such services.

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4. As requested by the Council in its decision 84/35, paragraph 8, this report provides an evaluation of the sectoral and geographical distribution of projects financed from contributions conditioned on procurement from the donor country, as well as an evaluation of the procurement procedures utilized under this financing modality.

5. Annexed to this report are three tables which provide financial and statistical data on projects financed from tied contributions. Annex table 1 (part A) contains summary information on projects financed from tied contributions for which there was a signed agreement or a written commitment from a donor to contribute to the project and which were accepted after the adoption of decision 84/35 through 31 December 1985. Part B of annex table 1 contains summary information on all projects accepted since the adoption of decision 82/5, section IV, paragraph 4, and up to 31 December 1985. Annex table 2 contains descriptive information on the projects listed under annex table 1 (part A). Annex table 3 shows under part I the voluntary contributions (untied) made by donor Governments to the general resources of the United Nations Development Programme (UNDP) and the Funds concerned for the years indicated. Parts II and III of that table indicates by Fund the annualized amounts of tied resources committed to projects against the annual ceilings established for each donor. Further information on projects accepted after 31 December 1985 through the end of the experimental date of 30 April 1986 will be reported orally to the Council. The Administrator felt that such an arrangement would allow for the timely preparation of this report to the Council.

6. In agreeing under decision 84/35 to extend the experimental period for a further two years until 30 April 1986, the Council established certain criteria similar to those which had been applied to tied projects accepted after decision 83/32. Specifically, the criteria were as follows: (a) the donor country has not reduced its contributions in national currency to the general resources of UNDP; (b) the donor is a contributor in the same year to the general resources of the Fund concerned; and (c) the contribution conditioned on procurement from the donor country does not exceed, in the case of UNSO, 15 per cent (from an earlier approved level of 20 per cent) of the sum of the donor's contribution to the general resources of UNDP and of UNSO; and in the case of UNCDF, the tied contribution was limited to 10 per cent (from an earlier approved level of 20 per cent) of the sum of the donor's contribution to the general resources of UNDP and of UNCDF.

7. With respect to UNFSSTD, no change was made by the Council in its decision 84/35 in the separate guidelines it had established in 1983. Essentially, these were that the donor must be a contributor to the general resources of UNFSSTD and its total tied contributions to the Fund might not exceed the level of its untied contributions (the ceiling) during the interim and transitional periods of the Fund (that is, from 1980 through the end of the experimental date of 30 April 1986).

8. Since the authority granted by the Council in its decision 84/35 to extend until 30 April 1986 the period during which to accept tied trust funds, there has been relatively little activity in terms of the number of new projects accepted under this financing modality. During the period 1 May 1984 through 31 December 1985, UNSO signed three new project agreements; UNFSSTD accepted five new projects, three of which have been signed and two for which firm written commitments to contribute to the projects were received from the donor; while UNCDF received a firm commitment for one new project.

9. The Administrator is satisfied that these new projects are in conformity with the Council's established guidelines. As indicated in annex table 3, parts II and III, in no case have contributions exceeded the ceilings established under these guidelines.

II. EVALUATION OF EXPERIENCE 1982-1985

10. Since the adoption in June 1982 of Governing Council decision 82/5, section IV, paragraph 4, through 31 December 1985 which is the period covered by this report, a total of \$70 million has been channelled through UNSO, UNCDF and UNFSSTD by seven donor Governments to finance 30 projects conditioned on procurement in the donor country. The sum of \$45 million, or approximately 64 per cent, represents that portion of total contributions to the various projects implemented through the three funds concerned which has been conditioned on procurement of goods and services in the donor country and \$25 million (approximately 36 per cent) relates to the portion which has been utilized for project inputs obtainable internationally or in the recipient countries. It is noteworthy that during this same period a total of \$67.3 million has been provided in supplementary financing, mostly by recipient Governments, in the form of contributions-in-kind, in support of these projects. The table below provides a breakdown of the above information by Fund covering the period June 1982 through December 1985.

Summary information on tied trust fund projects
of UNSO, UNCDF and UNFSSTD

June 1982 - December 1985

(Contributions in millions of \$US)

	<u>UNSO</u>	<u>UNCDF</u>	<u>UNFSSTD</u>	<u>Total</u>
Total number of projects	13	6	11	30
Total number of donors <u>a/</u>	5	3	2	7
Total amount of Trust Fund tied contributions	17.4	16.4	11.2	45.0
Total amount of Trust Fund untied contributions	<u>15.5</u>	<u>3.1</u>	<u>6.4</u>	<u>25.0</u>
Total Trust Fund contributions	<u>32.9</u>	<u>19.5</u>	<u>17.6</u>	<u>70.0</u>
Total financing from sources other than Trust Funds <u>b/</u>	11.5	23.9	31.9	67.3

a/ Some donors have been contributors to more than one Trust Fund project.

b/ These represent primarily recipient Government contributions-in-kind in the form of local services and facilities.

11. By comparison, during the period since the adoption of decision 84/35 (that is, from 1 May 1984 through 31 December 1985), a total of approximately \$17 million has been channelled through the three funds concerned to finance nine tied projects; \$10.6 million, or approximately 62 per cent, represents the tied portion of these contributions while \$6.4 million, i.e., approximately 38 per cent, represents the untied portion. The table below shows a similar breakdown of information covering the period 1 May 1984 through 31 December 1985.

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Summary information on tied trust fund projects
of UNSO, UNCDF and UNFSSTD

May 1984 - December 1985

(Contributions in millions of \$US)

	<u>UNSO</u>	<u>UNCDF</u>	<u>UNFSSTD</u>	<u>Total</u>
Total number of projects	3	1	5	9
Total number of donors <u>a/</u>	2	1	2	5
Total amount of Trust Fund tied contributions	2.6	.6	7.4	10.6
Total amount of Trust Fund untied contributions	<u>2.1</u>	<u>.1</u>	<u>4.3</u>	<u>6.4</u>
Total amount of Trust Fund contributions	<u>4.7</u>	<u>.7</u>	<u>11.7</u>	<u>17.0</u>
Total financing from sources other than Trust Funds <u>b/</u>	.4	2.6	28.5	31.5

a/ Some donors have been contributors to more than one Trust Fund project.

b/ These represent primarily recipient Government contributions-in-kind in the form of local services and facilities.

12. While the 30 projects approved to date under the authority granted by the Council constitute a somewhat limited basis on which to draw firm conclusions it is, nevertheless, possible to make certain observations based on the experience gained by the funds concerned over approximately three and one-half years of project implementation under this mode of financing. First, with respect to the geographical distribution of projects, it is evident, as noted in the table below, that the majority of projects as well as the bulk of resources (approximately 71 per cent) have been concentrated in countries in Africa. In particular, these have been countries most in need of assistance and hardest hit by advancing drought and desertification: Cameroon, Cape Verde, Ethiopia, Guinea, Niger, Mali, Mauritania, Senegal, Somalia and Sudan. All the country projects financed through UNSO and UNCDF, one regional project financed through UNSO, and one country project financed through UNFSSTD have been implemented within this group of countries.

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Geographical distribution of projects and contributions under
 tied trust fund projects

June 1982 - December 1985

(Contributions in millions of \$US)

<u>Region</u>	<u>Number of projects</u>	<u>Contributions</u>			<u>Percentage of total contributions</u>
		<u>Tied</u>	<u>Untied</u>	<u>Total</u>	
Africa	19	33.2	16.8	50.0	71
Asia	4	5.2	2.4	7.6	11
Latin America	2	1.8	1.0	2.8	4
Regional	3	4.0	4.0	8.0	12
Interregional	<u>2</u>	<u>0.8</u>	<u>0.8</u>	<u>1.6</u>	<u>2</u>
Total	<u>30</u>	<u>45.0</u>	<u>25.0</u>	<u>70.0</u>	<u>100</u>

13. With respect to UNFSSTD, in addition to the one country project in Africa, four country projects were implemented in Asia, two country projects in Latin America, as well as two regional projects, one covering Latin America and one covering all countries in Asia and the Pacific. Finally, two interregional projects were implemented: one covering designated countries in Asia, Latin America and Africa, and another covering 10 developing countries. Whereas 100 per cent of total contributions channelled through UNSO and UNCDF under this modality of financing has been directed to the Africa region, in the case of UNFSSTD, the Asia region and, to a lesser extent, the Latin America region, have been the main beneficiaries of trust funds conditioned on procurement from the donor country.

14. An analysis of the types of project accepted during the period June 1982 through December 1985 under this mode of financing indicates that the activities may be broadly categorized as falling into one of the following areas: (a) drought and desertification; (b) road construction and maintenance; (c) development of food sources; (d) development of natural and energy sources; (e) strengthening of national institutional capacity; (f) development and application of appropriate industrial and rural technologies; and (g) information technologies. The distribution of total contributions (tied and untied) among these areas is given by Fund in approximate magnitudes in the following tables:

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UNSODistribution of tied projects and contributions by type of activity

<u>Activity</u>	<u>No. of projects</u>	<u>Total contributions</u> (millions of \$US)		
		<u>Total</u>	<u>Tied</u>	<u>Untied</u>
Drought and desertification	6	10.0	5.4	4.6
Road construction and maintenance	5	18.9	9.7	9.2
Strengthening of national institutional capacity	1	1.0	.4	.6
Development of natural and energy sources	<u>1</u>	<u>2.9</u>	<u>1.9</u>	<u>1.0</u>
Total	<u>13</u>	<u>32.8</u>	<u>17.4</u>	<u>15.4</u>

UNCDFDistribution of tied projects and contributions by type of activity

<u>Activity</u>	<u>No. of projects</u>	<u>Total contributions</u> (millions of \$US)		
		<u>Total</u>	<u>Tied</u>	<u>Untied</u>
Road construction and maintenance	1	2.1	1.9	.2
Development of food sources	4	4.5	2.5	2.0
Development of natural and energy sources	<u>1</u>	<u>12.9</u>	<u>12.0</u>	<u>.9</u>
Total	<u>6</u>	<u>19.5</u>	<u>16.4</u>	<u>3.1</u>

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UNFSSTD

Distribution of tied projects and contributions by type of activity

<u>Activity</u>	<u>No. of projects</u>	<u>Total contributions</u> (millions of \$US)		
		<u>Total</u>	<u>Tied</u>	<u>Untied</u>
Development of food sources	1	2.2	1.4	.8
Development of natural and energy sources	3	2.9	1.8	1.1
Development and application of appropriate industrial and rural technologies	3	4.0	2.8	1.2
Information and computer technologies	<u>4</u>	<u>8.5</u>	<u>5.2</u>	<u>3.3</u>
Total	<u>11</u>	<u>17.6</u>	<u>11.2</u>	<u>6.4</u>

15. It has also been shown that, with respect to each of the funds, the concentration of activities and, therefore, of resources has been in areas falling under their respective mandates. The experience gained at UNFSSTD to date also suggests certain other characteristics, as follows: (a) the type of project likely to be approved does not differ substantially from those financed through resources pledged by general contributions; (b) projects in a more advanced state of readiness appear to have a greater chance of funding under this approach than those which require significant development; and (c) such projects tend to be larger in cost and longer in duration than the other projects financed by the Fund.

16. The procurement procedures utilized under the modality of tied contributions have, for the most part, been characterized by competitive bidding on a national basis. In some limited cases, however, competitive bidding was waived owing to the fact that there was only one manufacturer of the required equipment in the donor country. The choice of the supplier was, however, in such cases justified by a comparison of the cost of its tender with the cost and after-sale services offered for similar equipment by other manufacturers.

17. In some cases, the supplier offered sizeable discounts for large orders placed which resulted in significantly reducing the costs for the equipment component of the projects. In cases where the types of projects undertaken required items which were available on a competitive basis in the donor market, the procurement of such goods from the donor country has been shown to be cost-effective.

18. On the whole, the experience to date indicates that the equipment and services procured from the donor country have proved satisfactory, from a quality standpoint, for the purposes required and of comparable price for the same type of equipment and service available outside the donor country.

III. RECOMMENDATION

19. In its decision 84/35, the Governing Council requested the Administrator to submit at its thirty-third session, a full report, with his recommendations, on the issue of trust funds conditioned on procurement from the donor country. On the one hand, it would appear from the experience gained to date that the projects implemented under this modality have been of benefit to the recipient countries, in particular least developed countries, in many cases those afflicted by drought and desertification. Furthermore, the supplementary financing of some \$67.3 million provided in contributions-in-kind by recipient Governments to support the projects so far implemented is indicative of the importance attached by them to the activities involved.

20. On the other hand, the Administrator is fully aware of the fact that during the course of the discussions held during the Council's thirty-first session in 1984, a number of members advanced a variety of reasons as to why the experiment should not be pursued. Concern was expressed as to what was perceived as a form of protectionism and the greatest importance was attached to safeguarding the basic principles of multilateralism. These members considered that tied procurement would in the long run erode the central resources of UNDP. They expressed serious concern at the precedent that the continuation of the experiment would establish. Recognizing the leading role which UNDP has played in technical assistance, they did not wish to give a signal to others that tied procurement was an acceptable practice. Further, many members stated that although they supported the continuation of the experiment at that time, they did not consider that it should under any circumstances be a precedent but an exceptional measure taken to help deal with a particular crisis. It should be pointed out, however, that other members held the view that the modality of tied trust funds should continue.

21. While the experience to date indicates that tied contributions under the prescribed guidelines have provided a useful and effective mechanism to respond to some of the most urgent needs of the least developed countries, in particular those affected by drought and desertification, the Administrator at the same time recognizes that many of the arguments raised against a continuation of the experiment relate to issues of principle with long-term implications for the Programme and the multilateral system as a whole. With this in mind, the Administrator has actively pursued the possibility of using alternative forms of financing, such as management services, as authorized by the Council in its decisions 83/5, section IV, and 84/35. This modality would make it possible for recipient Governments to request the Administrator to provide services to assist in the implementation of projects funded by bilateral donors. The Administrator also notes the dramatic decrease in both the number of new projects as well as the amount of total contributions accepted under the modality of tied trust funds in respect of UNSO and UNCDF since the adoption of decision 84/35 in June 1984. As can be gathered in the tables in paragraphs 10 and 11, whereas in the first half of the experimental period UNSO and UNCDF accepted, respectively, 10 and 5 projects amounting in total trust fund contributions to \$28.2 million and \$18.8 million, respectively, in the second half of the experimental period the number of projects fell to 3 and 1 projects, respectively, for UNSO and UNCDF and \$4.7 million and \$.7 million, respectively, in terms of total trust fund contributions.

22. On the basis of the above considerations, the Administrator recommends that no new contributions conditioned on procurement from the donor country be accepted with regard to the activities of UNSO and UNCDF after 30 April 1986.

23. Regarding UNFSSTD, this Fund has, from its very inception, been conceived with financial arrangements predicated on the separate character of core and non-core resources. In view of the current negotiations being conducted regarding the future of UNFSSTD, the Administrator considers that the status quo prior to 30 April 1986 should be maintained until such time as the General Assembly reaches a final decision regarding the Fund.

Annex

TABLE I (Part A)

Summary of projects financed by contributions conditioned on procurement in the donor country

(Projects accepted between 1 May 1984 through 31 December 1985)

A. UNSO

(1) Recipient	(2) Donor	(3) Project title	(4) Date of agreement ^{a/}	(5) Duration	(6) Total	(7) Trust Fund commitments		(8) UNSO financing	(9) Other financing sources c/
						Tied	Untied		
Sudan SUD/83/X04	Denmark	Fuel briquette production and promotion of improved cooking stoves	17 December 1984 ^{b/}	3.3 years	.73	.23	.50	-	.03 Govt.
Somalia SOM/84/X01	Denmark	Wind energy utilization for electrification	6 February 1985 ^{b/}	4 years	2.94	1.89	1.05	-	.16 Govt.
Mauritania MAU/83/S02	Italy	Strengthening of project: Development of agricultural statistics to include livestock activities	8 August 1984 ^{b/}	1.4 years	1.01	.45	.56	0.16	-

B. UNCDF

(1) Recipient	(2) Donor	(3) Project title	(4) Date of agreement ^{a/}	(5) Duration	(6) Total	(7) Trust Fund commitments		(8) UNCDF financing	(9) Other financing sources c/
						Tied	Untied		
Mali MLI/85/C03	Belgium	Irrigated agriculture in Farfar Plain	5 November 1985	4 years	.67	.61	.06	2.5	.11 Govt.

TABLE 1 (Part A) (continued)

(1)	(2)	(3)	(4)	(5)	(7)		(8)	c/
					Trust Fund Commitments			
					Tied	Untied		
<u>Recipient</u>	<u>Donor</u>	<u>Project title</u>	<u>Date of agreement^{a/}</u>	<u>Duration</u>	<u>Total</u>	<u>(US millions)</u>		
Latin America region RLA/84/T01	Italy	Non-destructive testing network, phase II	21 May 1984 ^{b/}	3 years	.92	.70	0.22	16.80 Govt.
Costa Rica COS/83/T01	Italy	Geothermal resources exploration	3 July 1984	2.5 years	.01	0	.01	0.21 Govt.
China CPR/84/T01	Italy	Establishment of Beijing National Food Technology Centre	25 March 1985	3 years	.03	0	.03	6.60 Govt.
China CPR/84/T02	Norway	Computer-based management training	15 March 1985 ^{b/}	3.5 years	.79	.76	.03	1.20 Govt.
Asia and Pacific region RAS/85/T01	Norway	Strengthening computer education and capability at AIT	27 August 1985 ^{b/}	3.5 years	.13	.10	.03	3.70 Govt.

^{a/} Unless otherwise indicated, the date given represents the date of the donor Government's written commitment to contribute to the project.

^{b/} Date of signature of trust fund agreement.

^{c/} Recipient Government or UNDP contributions covering duration of project.

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TABLE 1 (Part B)

Summary of all projects financed by contributions conditioned on procurement in the donor country (1982-1985)

(1) Recipient	(2) Donor	(3) Project title	(4) Date of agreement ^{a/}	A. <u>UNSO</u>					(9) Other financing sources c/	
				(5) Duration	(6) Total	(7) UNSO Trust Fund		(8) UNSO financing		
						Tied	Untied			
							(\$US millions)			
Senegal SEN/83/S01	Italy	Feeder Road construction and maintenance programme (Second Brigade)	3 June 1983 ^{b/}	4 years	8.25	5.21	3.04	-	0.24	Govt.
Niger NER/83/S01	Italy	Feeder road construction and maintenance programme (Second Brigade)	3 June 1983 ^{b/}	3 years	3.97	1.79	2.18	-	4.49	UNCDF 1.78 ADF loan to Niger
Cameroon CMR/83/X01	Italy	Programme of action to control desertification in North Cameroon	21 December 1983	3 years	2.61	0.66	1.95	-	1.37	Govt.
Cape Verde CVI/83/S03	Italy	Construction and maintenance of feeder roads and runways in Boa Vista and Maio Islands	6 April 1984 ^{b/}	1.5 years	1.67	1.0	0.67	0.78		
Mali MLI/84/S02	Italy	Installation of hand pumps on existing bore holes in Mali	28 April 1984	3 months	.12	.08	.04	-	-	
Guinea GUI/84/X01	Italy	Construction of small dams	28 April 1984	4 years	5.94	4.02	1.92	-	-	
Regional RAF/84/S01	Italy	Maintenance of secondary roads in Cape Verde, Senegal, Niger	28 April 1984	3 years	2.5	.59	1.91	-	-	

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TABLE 1 (Part B) (continued)

A. UNSO (cont'd.)

(1) <u>Recipient</u>	(2) <u>Donor</u>	(3) <u>Project title</u>	(4) <u>Date of agreement^{a/}</u>	(5) <u>Duration</u>	(6) <u>UNSO</u>			(8) <u>UNSO financing</u>	(9) <u>Other financing sources c/</u>
					Total	Trust Fund			
						Tied	Untied		
(\$US millions)									
Mauritania MAU/83/S02	Italy	Strengthening of the project: development of agricultural statistics to include livestock activities	8 August 1984 ^{b/}	1.4 years	1.01	0.45	0.56	0.16	-
Niger CILSS/NER/401	Norway/ ADB	Feeder road construction and maintenance programme (First Brigade)	8 June 1983	2 years	2.5	1.1	1.4	-	1.4 Govt. 0.78 ADF loan to Niger
Ethiopia ETH/83/X01	Finland	National institutional support and fuelwood plantation establishment in Dese	11 May 1983	3 years	0.50	0.24	0.26	-	0.27 Govt.
Senegal SEN/83/X01	Canada	Cartography and pedalogical studies for the project "Reafforestation to Control Salinization in Sine-Saloum"	21 November 1983	1 year	0.12	0.12	-	.03	-
Sudan SUD/83/X04	Denmark	Fuel briquette production and the promotion of improved cooking stoves	17 December 1984 ^{b/}	3.3 years	0.73	0.23	0.50	-	0.03 Govt.
Somalia SOM/84/X01	Denmark	Wind energy utilization for electrification	6 February 1985 ^{b/}	4 years	2.94	1.89	1.05	-	0.16 Govt.

TABLE 1 (Part B) (continued)

B. UNCDF

(1) <u>Recipient</u>	(2) <u>Donor</u>	(3) <u>Project title</u>	(4) <u>Date of agreement^{a/}</u>	(5) <u>Duration</u>	(6) <u>Total</u>	(7) <u>Trust Fund commitments</u>		(8) <u>UNCDF financing</u>	(9) <u>Other financing sources c/</u>
						<u>Tied</u>	<u>Untied</u>		
Mali MLI/82/C04	Belgium	Construction of regional abattoirs in Segou and Sikasso	30 June 1983 ^{b/}	3 years	.31	0.28	0.03	1.60	0.13 UNDP 0.11 Govt.
Mali MLI/85/C03	Belgium	Irrigated agriculture in Farfar Plain	5 November 1985	4 years	.7	.6	.1	2.5	.11 Govt.
Ethiopia ETH/82/C08	Italy	Minihydropower development on Sor River	28 April 1983	3 years	12.96	12.0	0.96	1.5	7.4 Govt.
Niger NER/82/C06	Italy	Construction and maintenance of priority feeder roads	7 September 1983 ^{b/}	2.6 years	2.09	1.88	0.21	2.40	3.97 UNSO 1.78 ADF loan to Niger
Somalia SOM/81/C03	Italy	Rehabilitation of rural water reservoirs	7 September 1983 ^{b/}	4 years	3.0	1.14	1.86	-	0.53 UNDP 1.43 Govt.
Mali MLI/83/C06	Austria	Rice irrigation in Timbouctou Province	12 October 1983 ^{b/}	2 years	0.50	0.45	0.05	0.15	0.14 UNDP 0.155 Govt.

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TABLE 1 (Part B) (continued)

C. UNFSSTD

(1) <u>Recipient</u>	(2) <u>Donor</u>	(3) <u>Project title</u>	(4) <u>Date of agreement^{a/}</u>	(5) <u>Duration</u>	(6) <u>Total</u>	(7) <u>UNFSSTD Trust Funds</u>		(8) <u>Other financing sources c/</u>
						<u>Tied</u>	<u>Untied</u>	
Interregional	Italy	Project formulation and design	8 April 1983	1 year	0.13	0.13	-	-
Interregional INT/83/T01	Italy	Technological information pilot system (Preparatory phase)	2 Feb. 1984 ^{b/}	1.5 years	1.47	0.68	0.79	-
Indonesia INS/83/T01	Italy	Application of technologies appropriate for rural areas	6 April 1984 ^{b/}	4 years	2.19	1.55	0.64	0.92 Govt.
Ethiopia ETH/84/T01	Italy	Development of national scientific and technological capacity in natural resources remote sensing	6 April 1984 ^{b/}	1 year	0.12	0.06	0.06	-
Costa Rica COS/83/T02	Italy	Strengthening national capacity in mineral exploration	6 April 1984 ^{b/}	1.5 years	0.66	0.38	0.28	0.15 Govt.
Regional RLA/84/T01	Italy	Non-destructive testing (NDT) network	21 May 1984 ^{b/}	3 years	1.71	1.14	0.57	16.8 Govt.
Costa Rica COS/83/T01	Italy	Geothermal resources exploration	3 July 1984	2.5 years	2.12	1.38	0.74	0.21 Govt.
China CPR/84/T01	Italy	Establishment of Beijing National Food Technology Centre	25 March 1985	3 years	2.17	1.37	0.80	6.60 Govt.

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TABLE 1 (Part B) (continued)

C. UNFSSTD (cont'd.)

(1) <u>Recipient</u>	(2) <u>Donor</u>	(3) <u>Project title</u>	(4) <u>Date of agreement^{a/}</u>	(5) <u>Duration</u>	(6) <u>Total</u>	(7) <u>UNFSSTD</u> <u>Trust Funds</u>		(8) <u>Other financing sources</u> <u>c/</u>
						<u>Tied</u>	<u>Untied</u>	
China CPR/82/T03	Norway	Establishment of the Beijing Institute for Computer Software	1 February 1983 ^{b/}	2 years	1.31	1.03	0.28	2.3 Govt.
China CPR/84/T02	Norway	Computer-based management training	15 March 1985 ^{b/}	3.5 years	2.00	1.24	0.76	1.20 Govt.
Regional RAS/85/T01	Norway	Strengthening computer education and capability at AIT	27 August 1985 ^{b/}	3.5 years	3.68	2.22	1.46	3.70 Govt.

^{a/} Unless otherwise indicated, the date given represents the date of the donor Government's written commitment to contribute to the project.

^{b/} Date of signature of trust fund agreement.

^{c/} Recipient Government contributions.

TABLE 2

Description of projects accepted after decision 84/35
through 31 December 1985 and listed under table 1, part A

A. United Nations Sudano-Sahelian Office

1. Fuel Briquette Production and the Promotion of Improved Cooking Stoves
(UNSO/SUD/83/X04)

This project in the Sudan aims at the manufacture of fuel briquettes from groundnut shells, which are agricultural by-products in ample supply, together with the promotion of improved cooking stoves in which the briquettes can be utilized. This should help to reduce the demand for fuelwood, which is a major factor in deforestation and desertification.

2. Wind Energy Utilization for Electrification (UNSO/SOM/84/X01)

One of Somalia's most abundant renewable energy sources is wind energy. This project is designed to develop the utilization of wind energy and thereby limit the need for imported petroleum. The project contains two components, one for rural areas and the other for the urban centre of Mogadiscio. Up to five autonomous wind turbine systems will be installed in rural areas. In Mogadiscio, four wind turbines will be connected to an existing diesel-powered electrical generation system in order to reduce the consumption of petroleum. Two engineers and six technicians will be trained in all aspects of wind turbine operation, including maintenance and performance evaluation.

3. Strengthening of the project: Development of Agricultural Statistics
to Include Livestock Activities (UNSO/MAU/83/S02)

This trust fund project seeks to strengthen the Government of Mauritania's capacity to establish a system of agricultural statistics. The immediate objectives of the project are to establish a system of agricultural statistics that satisfies the information needs of the rural sector; to determine the most suitable placement of an agricultural statistics office within the Government; to work out the administrative and technical modalities for the organization and structure of this office with a view to greater decentralization; to establish a training programme for national staff; to provide the necessary logistical support to this office in order to realize these objectives; and to work out and test a statistical method for the agricultural sector in general, and for the breeding sector in particular, in line with the Government's priorities.

B. United Nations Capital Development Fund

1. Irrigated Agriculture in Farfar Plain (MLI/85/C03)

The purpose of the trust fund is to increase cereal production (rice and wheat) in the Farfar Plain (460 hectares) which is located on the right bank of the River Niger, near Timbouctou, Mali. Lack of rainfall and the absence of flooding had prevented farmers from maintaining the traditional farming practices and the plain had been abandoned. By pumping the waters of the River Niger and by constructing an irrigation network protected by an insubmersible dike, the project is expected to reach a production of four tons of irrigated rice per ha per year and 1.2 tons of wheat per ha per year as an out-of-season crop. Under traditional cultivation practices without improvements, production of floating rice in this region does not go beyond 300 to 500 kg per ha, and wheat is not cultivated.

The trust fund finances the technical studies, the construction of the perimeters (land planning, distribution network, drains, etc.), all the inputs needed to ensure the development of the perimeters (motorpumps, storage warehouses, a maintenance workshop) and the provision of a revolving fund to allow the farmers' co-operative to finance the fuel and lubricants for the pumps, as well as to purchase seeds and fertilizers. Furthermore, the trust fund will finance the subcontracting of a consulting firm to supervise the construction works and to assist in the development of agricultural production.

C. United Nations Financing System for
Science and Technology for Development

1. Regional Non-Destructive Testing (NDT) Network in Latin America and
the Caribbean (RLA/84/T01)

This \$1.6 million project, in which 17 countries of the region (Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, Guatemala, Guyana, Jamaica, Mexico, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela) are participating, constitutes a programme for the development of an autonomous capability for industrial non-destructive testing (NDT) and the establishment of a network for application and sharing of NDT techniques, standards and procedures. The trust fund finances training activities, upgrading of laboratory facilities for continuous training and industrial applications and the establishment of a standard certification scheme for NDT operators. Project inputs are as follows: personnel, \$75,000; subcontracting, \$379,650; training, \$284,000; equipment, \$760,000; and miscellaneous, \$86,000.

2. Geothermal Resources Exploration (COS/83/T01)

The objective of this \$1.9 million project is the establishment of a national capacity for the development and application of advanced technologies for the exploration and exploitation of geothermal resources, in order to accelerate their utilization as primary sources of energy, and to plan for national energy requirements in the future.

The project is structured in two phases: reconnaissance and prefeasibility study, whose execution would take 15 months each, with a 2-to 3-month overlap. The first phase would survey the central part of the country, over an extension of 20,000 - 25,000 km.², with the purpose of evaluating, to the first degree of approximation, the national geothermal potential. The second phase would take the evaluation process a step further, so that a specific identification and evaluation can be made of areas corresponding to geothermal fields exploitable at the industrial level, and the location of deep wells can be identified for a subsequent feasibility study. It is estimated that the second phase will be limited to an area no larger than 500 km.² approximately. Project inputs are as follows: personnel, \$89,600; subcontracts, \$1,228,700; training, \$102,000; equipment, \$275,000; and miscellaneous, \$262,000.

3. Establishment of the Beijing National Food Technology Centre (CPR/84/T01)

The immediate objective of this \$2 million project is to establish the Beijing Food Technology and Quality Control Research and Development Centre as the nucleus of a national programme aimed at modernizing China's food industry. In addition to upgrading laboratory and plant facilities, developing R&D programmes, improving current levels of technical capability among scientific and research personnel and monitoring the effects of the pilot plant processes in nutritional quality, the project aims to stimulate a closer exchange between Chinese food scientists and their counterparts abroad in more recent and advanced aspects of the biochemistry of food products and components; in the nutritional implications of production methods; and in food technology fundamentals and new processing operations. This exchange, which will be fostered through seminars, fellowships and lecture courses, is also intended to lead to the definition of possible collaborative research programmes between Chinese and international personnel.

An important feature of activities will be the linking of research with pilot-scale production in selected processing operations. This is intended to familiarize laboratory personnel and industry practitioners with modern process line technology and to provide a basis for evaluating the effects of operating conditions on food products. The envisaged project inputs are as follows: personnel, \$224,000; training, \$400,000; equipment, \$1,265,000; and miscellaneous, \$80,000 .

4. Computer-based Management Training Programme in China (CPR/84/T02)

This \$1.8 million project will assist China to modernize and diversify fundamental management capacities with respect to the operations of technical institutions and industrial production centres. The training programme, which emphasizes computer-based methods, is articulated in two activities: formal training abroad and workshops held in China over a period of three years for analysis and review of management-related issues in the Chinese context. Results from the workshops will provide inputs for adaptation and orientation of the training programme abroad. Graduates from the formal training abroad are expected to constitute the nucleus of the middle-management training staff at the new National Management Training Centre. The trust fund will cover the costs of the required technical assistance, training course and equipment. The following project inputs are planned: personnel, \$756,000; equipment, \$670,000; training, \$360,000; and miscellaneous, \$59,000.

5. Strengthening Computer Education and Computing Capability at the Asian Institute of Technology (AIT) (RAS/85/T01)

It is recognized that AIT has acquired a unique position in Asia by providing post-graduate education, continuing education and training programmes open to candidates from all nations in the region. The main objective of this \$3.4 million project is to upgrade the computer education and computing capability of AIT by strengthening the professional standards of the faculty and staff, which will enable the Institute to play an increasingly important role in the transfer of computer technology to the developing countries in Asia. The trust fund will provide for the required hardware and software, technical assistance and fellowships for the training of the regional faculty and staff in the following main areas: computer graphics, computer communications, distributed data banks, fourth generation tools, information systems, interactive knowledge-based systems, man-machine interface, operating systems and system architecture. Furthermore, the trust fund will help to create a Project Software Library Service at the Computer Applications Division of AIT, as a first step towards the creation of an Information Technology Centre to serve the region. Project inputs are as follows: personnel, \$1,430,000; training, \$80,000; equipment, \$1,340,000; and miscellaneous, \$540,000.

TABLE 3

Relationship between voluntary contributions and contributions conditioned on procurement in the donor country by Fund and by donor (1982 - 1985) as of 31 December 1985

(\$US millions or millions of local currency)

Part I. Voluntary contributions (pledges) not conditioned on procurement in the donor country^{a/}

	<u>Austria</u>	<u>Belgium</u>	<u>Canada</u>	<u>Denmark</u>	<u>Finland</u>	<u>Italy</u>	<u>Norway</u>
<u>To UNDP</u>							
1982 - \$US	6.0	13.8	-	-	-	23.2	55.1
Local currency	<u>d/</u>	650.0	-	-	-	33 000.0	350.0 <u>b/</u>
1983 - \$US	6.8	11.2	49.6	36.8	8.0	25.8	50.9
Local currency	<u>d/</u>	600.0	61.0	328.0	43.7	40 976.0	365.0
1984 - \$US	-	10.3	50.0	40.4	8.5	26.3	45.6
Local currency	-	600.0	64	406.5 ^{c/}	50.0	47 000.0	364.3
1985 - \$US	-	10.2	-	37.0	8.5	31.5	46.1
Local currency	-	630.0	-	386.0	57.0	59 874.0	400.0
<u>To UNSO</u>							
1982 - \$US	-	-	-	-	-	.96	-
1983 - \$US	-	-	-	4.2 ^{e/}	-	.43 ^{e/}	.53
1984 - \$US	-	-	.2 ^{e/}	2.5 ^{e/}	-	.43 ^{e/}	3.0 ^{e/}
1985 - \$US	-	-	-	4.1 ^{e/}	0.09	.56	2.2 ^{e/}
<u>To UNCDF</u>							
1982 - \$US	-	-	-	-	-	1.76	-
1983 - \$US	.02	-	-	-	-	1.9	-
1984 - \$US	-	-	-	-	-	-	-
1985 - \$US	-	.25	-	-	-	-	-

^{a/} Contributions are indicated in the year in which a donor made a contribution conditioned on procurement from the donor country and also in the year preceding the year in which such a contribution was made, for the purpose of comparison.

^{b/} Includes 40 million kroner representing a supplementary contribution in 1982 from the Government.

^{c/} Includes 50.5 million kroner representing a special one-time contribution in 1984 from the Government.

^{d/} Government pledge was in \$US.

^{e/} Includes cost-sharing contributions to the Fund (that is, project-earmarked contributions).

TABLE 3 (continued)

Part II. Contributions conditioned on procurement in the donor country

	<u>Austria</u>	<u>Belgium</u>	<u>Canada</u>	<u>Denmark</u>	<u>Finland</u>	<u>Italy</u>	<u>Norway</u>
<u>UNSO - \$US</u>							
1983 - Commitments	-	-	-	-	-	4.25	.25
Ceiling	-	-	-	-	-	5.2	10.3
1984 - Commitments	-	-	.12	0.1	.15	3.1	.5
Ceiling <u>a/</u>	-	-	8.4	7.2	1.4	4.5	8.1
1985 - Commitments	-	-	-	.4	.15	4.4	.35
Ceiling	-	-	-	6.2	1.3	4.8	7.2
<u>UNCDF - \$US</u>							
1983 - Commitments	.45	.28	-	-	-	2.98	-
Ceiling	1.4	2.2	-	-	-	5.5	-
1984 - Commitments	-	-	-	-	-	-	-
Ceiling <u>a/</u>	-	-	-	-	-	-	-
1985 - Commitments	-	.64	-	-	-	-	-
Ceiling	-	1.0	-	-	-	-	-

a/ Weighted average ceiling computed at 20 per cent of sum of voluntary contributions to UNDP and the Fund for first four months of 1984 and 15 per cent of the same sum for last eight months for UNSO in accordance with Council decisions 83/32 and 84/35. For UNCDF, the respective ratios were 20 per cent for the first four months of 1984 and 10 per cent for the last eight months.

TABLE 3 (continued)

Part III. Contributions to UNFSSTD conditioned on procurement
in the donor country

	<u>Italy</u> (\$US millions)	<u>Norway</u>
Total contributions to general resources during interim and transitional periods (from 1980) <u>a/</u> - Ceiling	10.48	4.50
Commitments conditioned on procurement in the donor country	<u>6.69</u>	<u>4.49</u>

a/ Includes pledges, a minimal amount of cost-sharing and the untied portions of contributions.
