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ADOPTION OF THE REPORT OF THE BUDGETARY AND FINANCE COMMITTEE
TO THE GOVERNING COUNCIL

Draft report of the Budgetary and Finance Committee

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Addendum

CHAPTER I. MATTERS REFERRED TO THE COMMITTEE BY THE COUNCIL

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

1. For its consideration of this agenda item, the Committee had before it the report of the Administrator on the future of the United Nations Financing System for Science and Technology for Development (UNFSSTD) contained in document DP/1986/85, including the recommendation to the General Assembly of the recent meeting of the Intergovernmental Committee on Science and Technology for Development on the same subject.

2. In introducing the subject, the Associate Administrator recalled for the Committee the background to this paper, namely: (a) the inability of Governments to agree on a permanent mechanism for the financing through the United Nations of science and technology for development, and (b) the General Assembly's wish to make a final determination as to its future arrangements with respect to UNFSSSTD before the end of 1986. If the recommendations of the Intergovernmental Committee were accepted, UNFSSSTD would be disbanded in its present form and the existing resources would be transferred to a facility under the management of the Administrator of UNDP with effect from 1 January 1987. Although the term "facility" had been chosen by the Intergovernmental Committee, the Associate Administrator stressed that, in terms of UNDP financial rules and regulations, the new facility would represent a trust fund. The trust fund, or "account", the term preferred by some delegations, would be administered in accordance with UNDP financial rules and regulations and would be able to accept contributions of two types: first, those of a general, non-specific nature, and, second, those relating to specific, designated beneficiaries. It was the hope of the Intergovernmental Committee and of the Administrator that the conditioned pledges made to UNFSSSTD at its April pledging conference would be transferred to the new facility within UNDP.

3. On the question of administrative support to the facility, the Associate Administrator stated that the trust fund would itself bear all its own administrative costs. There would, therefore, be no charge to the UNDP biennial budget. The Administrator's current intentions were that the staffing of the facility should consist of five professional and five general service staff members in 1987, costing approximately \$750,000, which he considered sufficient to support the programme, which would amount to \$9 million in 1987, this amount being the balance available from previous

pledges. He advised the Committee, however, that in the event of April 1986 conditioned pledges being made available to the trust fund in 1987, the Administrator would consider adding a further two professional and two general service staff members to this structure. Consideration was also being given by the Administrator to the possibility of merging any future mechanisms for science and technology for development with the Energy Account, since there was a significant amount of overlap in the type of projects being funded. Moreover, he was considering a possible modality for an eventual mechanism for science and technology similar to that used by the Energy Account, namely the provision of technical advice and support to UNDP IPF-funded programmes by staff dealing with science and technology for development. However, this proposal would be put forward in the context of the 1988-1989 biennial budget.

Summary of the discussion of the Committee

4. Many members supported the recommendations of the Administrator on this subject. They stated that it had long been their contention that the facility should be placed under the management of the Administrator of UNDP, since they felt UNDP had the necessary experience and capability to maximize the benefits to be gained from the fund. Other members, while supporting the recommendations of the Administrator, stressed the importance of maintaining an independent identity for the science and technology facility, since they considered the original intention of the Vienna Conference to have been valid.
5. Many members wished to receive further clarification as to the constitutional status of the new facility, the policies that would govern the facility and the relationship between the Intergovernmental Committee and the UNDP Governing Council. In particular, several delegations wished to know the difference between the proposed arrangement for the science and technology facility and that of the United Nations Development Fund for Women (UNIFEM).

Another member wanted to know to what extent the facility would become part of the UNDP country programming process. Several members requested a more precise definition of the term "geographic balance" in the allocation of funds and asked for reassurance as to the preferential treatment that would be accorded to the least developed countries. Several members also felt that the Administrator's report made insufficient mention of the Vienna Programme of Action which, they argued, should constitute the policy basis for administering the facility.

6. Turning to the question of the administrative structure of the new facility, a number of members expressed concern that the administrative costs of the facility should not be disproportionate to the funds managed by it. They cautioned the Administrator in this respect: in particular, they questioned the desirability of expanding the staffing beyond the proposed minimum level of five professional and five general service. They noted the possible merging of the science and technology facility with the Energy Account and supported this idea, however, they further felt that the administrative structure of the science and technology facility should be reviewed in the context of UNDP overall management of non-core funds. Several members also queried the nature of the substantive and technical services that UNDP might be receiving from the facility, as stated in paragraph 12 of DP/1986/85.

Response of the Administration

7. Responding to the questions, the Associate Administrator pointed out that the Administrator's proposals were based on the recommendations of the Intergovernment Committee, these recommendations had not yet been approved by the General Assembly. In the event that the General Assembly made a decision which was significantly different from that recommended by the Intergovernmental Committee, the Administrator would seek further guidance

8. The Associate Administrator stated that UNIFEM could not be a model for the science and technology facility. In the first place, the UNIFEM status was constitutionally different from that of a UNDP trust fund in that it had a separate identity as an independent fund established by the General Assembly, rather than as a fund established by and under the management of the Administrator. Moreover, the institutional responsibilities and authority established for UNIFEM had certain defects, which he had pointed out to the Governing Council and to the General Assembly; in particular, the role of UNIFEM Director and the Consultative Committee was far from clear and the Administrator appeared to be given responsibility without the necessary authority to exercise it fully.

9. Turning to the question of financial and substantive policies, the Associate Administrator stated that the Administrator would manage the science and technology facility in the context of the Vienna Programme of Action and on the basis of policy advice provided by the Intergovernmental Committee. He also confirmed that there would continue to be close co-operation between the facility and the United Nations Centre for Science and Technology. While he recognized the inherent vagueness of the concept of geographical balance, he none the less felt that, case by case, it was a reasonable basis on which the Administrator could operate. Clearly no one country or region should receive a disproportionate share of its available resources. Moreover, he confirmed that special treatment would be accorded to least developed countries. As regards the desirable balance between core and non-core resources, this was one of the matters on which Governments could not agree in the negotiations for a permanent science and technology mechanism and unless Governments changed their views he doubted that the issue could be resolved at that time. In that connection, he noted the potential problem resulting from the fact that much of the non-core contributions took the form of in-kind

contributions: the capacity of the facility to provide administrative backstopping to in-kind contributions would depend on the availability of financial resources. In the event that in-kind contributions became too predominant, that might become a problem in the future. As regards resource levels, he noted that UNDP did not establish targets for trust funds. He further noted that a target of \$10 million for the year had been established by the General Assembly, consisting of 50 per cent core and 50 per cent non-core, or the minimum needed to justify a science and technology mechanism. Since only \$2.6 million had been achieved for core at the recent pledging conference, the condition above had not been met and he questioned the wisdom of attempting at that time to establish specific targets for the trust fund.

10. As regards the administrative support provisions, the Associate Administrator noted the concern of some members concerning the relative size of administrative support costs. He pointed out, however, that the original staffing of the financing system had been twelve professional and eleven general service posts and that the proposed level of five of each already represented a considerable cutback from that original level. He agreed that the staffing level should be in relation to the resources available and stated that the Administrator would make his proposals in this regard at the Council's thirty-fourth session in June 1987. In the same proposal, the Administrator would give his considered recommendations concerning the possibility of UNDP core budget, providing resources to the science and technology facility in exchange for technical support services it might receive in return. For the moment, however, that would not be a feature of the arrangement during 1987.

Recommendations of the Committee

11. Following its consideration of this subject, the Committee recommended that the Council adopt the following decision:

The Governing Council,

Noting the recommendations of the Intergovernmental Committee on Science and Technology for Development to the General Assembly concerning the future of the United Nations Financing System for Science and Technology for Development, and the report of the Administrator on the same subject contained in document DP/1986/85,

(a) Decides that the Administrator should proceed on the basis of the proposals he has made, namely the establishment of a facility in the form of a trust fund for Science and Technology for Development with effect from 1 January 1987, on the understanding that, in the event that the General Assembly's decision differs significantly from that proposed by the Intergovernmental Committee, the Administrator will again consult with the Governing Council at its special session in February 1987;

(b) Notes that, in accordance with existing procedures for the handling of trust funds, the administrative costs of the new facility will be borne by the fund itself and will not be a charge to the general resources of UNDP;

(c) Requests Governments which have made or which are considering making pledges to the existing Financing System to transfer such pledges to the proposed trust fund with effect from 1 January 1987;

(d) Further requests the Administrator to report to the Council at its thirty-fourth session (1987) on the resources situation and prospects for the facility, as well as on his proposals for the organizational structure, staffing and budget of the facility for the 1988-1989 biennium.

