OTHER FUNDS AND PROGRAMMES

Replenishment of the United Nations Revolving Fund for Natural Resources Exploration

Offshore Phosphate Feasibility Study Project in the Congo (PRC/NR/85/001): Supplementary short-term funding

Report of the Administrator

I.BACKGROUND

1. In August 1985, pursuant to Governing Council decision 83/20 of 23 June 1983, the Administrator approved an allocation of $US 350,000 for a feasibility study project in the Congo as a follow-up to the successful exploration project financed and executed by the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE). The Administrator's approval was reported to the Governing Council at its thirty-third session in June 1986 (see DP/NRE/PROJECTS/7). The Fund also reported that the Government of France had agreed to provide parallel financing in the amount of FF 2.2 million through the Bureau de Recherches Géologiques et Minières (BRGM).

2. The feasibility study began in the autumn of 1986 with BRGM carrying out an additional campaign at sea to further define the extent of the phosphate reserves. The Fund financed agricultural tests of the phosphate/crushed shell mixture already obtained during the exploration stage of the project. The results of the first phase of the feasibility study were reviewed at a meeting held at BRGM headquarters at Orléans, France, in February 1987 attended by representatives of the Fund and the Congolese Government as well as BRGM. Plans were also made for the second phase of the project. Under the plan as adopted by the parties, the second phase of the feasibility study is to include a recalculation of reserves, an environmental impact study, bulk sampling, pilot tests, a market study and an economic cash-flow study, among other activities.
II. FINANCIAL DATA

3. As a result of the meeting, the French Government agreed to increase its parallel contribution to the Feasibility Study by FF 1,350,000 to a total of FF 3,570,000, and the Fund agreed to increase its contribution to the study by $210,000 to a total of $560,000 subject to the approval of the Administrator of the United Nations Development Programme (UNDP).

4. On 6 July 1987, the Administrator approved the allocation of an additional $210,000 for the project under the supplementary short-term funding authority, as provided in section I, paragraph 2, of Governing Council decision 81/8 of 18 June 1981. 2/ This increase in funding has been reflected in an amendment to the Project Agreement between the Fund and the Government of the Congo.

5. The financial assets of the Fund are adequate to meet the cost of the increased allocation for the project. In accordance with the replenishment conditions established by the Governing Council in decision 81/24 of 23 June 1981 2/ for Fund feasibility studies, the Project Agreement between the Fund and the Government of the Congo provides that all expenditures incurred by the Fund in preparing and carrying out the project shall be deemed to be a loan made by the Fund to the Government.

Notes
