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OTHER FUNDS AND PROGRAMMES

UNITED NATIONS FINANCING SYSTEM FOR SCIENCE AND  
TECHNOLOGY FOR DEVELOPMENT

Report of the Administrator

Summary

This report provides a brief summary of the main features of the operational and management activities of the United Nations Financing System for Science and Technology (UNFSSTD) for the period March 1985 to March 1986. Highlights of new project activities and results of completed and ongoing projects are also included. Separate sectors deal with special resource mobilization efforts involving joint public/private initiatives and with legislative and other intergovernmental activities with important implications on the future of UNFSSTD. A section on the financial status of UNFSSTD is also included, together with tables on resource availability and utilization.

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## Introduction

1. Since the Administrator's previous report on UNFSSTD (DP/1985/49), there have been several important developments regarding present operations and the outlook for the future. Projects and other activities financed with UNFSSTD funds have continued the earlier trend towards greater concentration on projects dealing with the application of development technologies to productivity by both public and private entities. In this context, there have been increasingly collaborative efforts between state organizations and those in the private and quasi-public sector. Since no significant new core funds have been made available by Governments in recent years, the resources available to UNFSSTD have been channelled almost exclusively through trust funds and similar project-specific financing arrangements. Important new legislation adopted by the General Assembly at its fortieth session addresses this issue and provides for a special pledging conference for UNFSSTD to be held in April 1986. The results of this pledging conference will, to a large extent, determine the future operations and institutional framework of UNFSSTD.

### I. OVERVIEW OF PROJECT MANAGEMENT

2. By early 1986, approximately one-half of the 97 projects assisted by UNFSSTD since the beginning of its operations in 1980 were completed. Many of these have already yielded practical results, which are currently being utilized by both public and private institutions in developing countries. Results of ongoing projects are also beginning to appear; they hold promise of similarly useful results. While all of these projects were designed to strengthen the capabilities of developing countries to better utilize the powerful tools of science and technology in working towards their development objectives, individual countries gave different priorities to the aspects of science and technology on which they have requested assistance from UNFSSTD. The most frequent type of project request, which also accounts for the largest expenditure by UNFSSTD (35 per cent), has been to support research and development activities designed to increase productivity and to improve methods of utilizing existing technologies in the productive sector. Strengthening scientific infrastructure facilities and policy machinery, together with projects on the choice, adaptation and assimilation of technologies, both shared the second rank (24 per cent) in UNFSSTD-assisted projects. Other significant scientific and technological areas on which UNFSSTD has focused include technical education and basic science disciplines and training in specific skills (11 per cent); and the exchange of science and technology information at national, regional and interregional levels (6 per cent).

#### A. Highlights of new project operations

3. In summarizing the highlights of UNFSSTD projects in the past year, it should be noted that all new project activities were funded through non-core resources realized largely through trust funds and other co-financing arrangements. This is dealt with in more detail in Section III below.

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4. At the interregional level, the Technological Information Pilot System (TIPS) has now moved to the operational and demonstration phase. This \$4.5 million project links ten developing countries through existing telecommunication techniques to maintain continuous exchange of information on recent and ongoing research results, information on commercial applications, multilateral procurement actions, and other opportunities for developing countries to participate in international science and technology activities.

5. A \$3.4 million regional project in the Asia and Pacific region on computer technologies was initiated. This project is designed to strengthen the computer education and computing capability at the Asian Institute of Technology. This will enable the Institute to play an important role in the transfer of computer technology to developing countries throughout Asia. The project will also help to create a project software library service as a first step towards an information technology centre to serve the region.

6. An interesting regional project in Latin America and the Caribbean region is the recently established non-destructive testing network. In the course of 1985 alone, 1,000 technicians from 70 countries have been trained in the increasingly important technological field of non-destructive testing. In addition to the work of this project, international standards for non-destructive testing have been developed and are now under consideration by the International Standards Organization (ISO). This Latin American network is being linked to counterpart systems in Asia.

7. Projects serving individual countries include a \$2 million project to establish the Beijing Food Technology and Quality Control Research and Development Centre as a nucleus of national programme in modernizing China's food industry. In addition to upgrading library and plant facilities, research and development programmes and the technical capabilities among nutrition scientists and technicians, the project aims for a closer exchange between Chinese food scientists and their counterparts abroad in recent developments in the biochemistry of food products and components. An important feature of this activity will be to link research and development results with pilot skilled production methods in selection processing operations.

8. In Ethiopia, a \$120,000 project was established to develop a national scientific and technology capacity in the remote sensing of natural resources and is now under way. The overall objective of the project is the establishment of a training centre in the geological department of Addis Ababa University for professional and technical training in the science and techniques of remote sensing through interpretation of aerial and satellite photography.

9. A \$2.1 million geothermal energy project in Costa Rica was also implemented. This project is assisting in the establishment of a national capacity for the development and application of advanced technologies in geothermal resources as a primary energy source in the country.

B. Collaboration with the private sector

10. Owing at least in part to the lack of core resources, UNFSSTD has over the past three years worked to develop closer collaboration with interested organizations in the private sector on specific projects, as well as to mobilize resources for more general support. Examples of such collaborative efforts include a joint undertaking provided by the Financing System both with the African Regional Centre for Technology, the African Association of Universities and the City College of New York to establish African Chairs of Technology in existing institutions in the region. Under this joint effort, eminent food scientists and representatives of private corporations are formulating plans for future research and training activities in research, food processing, biotechnology and nutrition, with particular emphasis on those activities with high commercial and revenue-producing potential. The success of the programme is based on closer links between the newly established chairs and international food and nutrition institutions.

11. Also in the African region, UNFSSTD is initiating, together with the National Committee, Energia Nucleare - Energie Alternative (ENEA), of Italy, the establishment of a profit-making technology consultancy consortium. This initiative brings together selective African and non-African consulting firms dealing with food technology background, industrialists and energy. Although designed to be commercially competitive, an important objective is the upgrading of the technical capabilities of Africa. This consortium, called AFROCONSULT, is to be launched in March 1986.

12. Another commercially-oriented project in the African region is based on the soapberry plant, Endod. The berries of this plant, when ground and suspended in water are effective molluscides in the control of the parasitic agent of schistosomiasis. Endod also has potential for other medicinal and detergent uses. As a result of a workshop held in February in New York, major corporate and university support is being mobilized for the required toxicological studies and the establishment of commercial production facilities in Africa.

13. In the Latin American region a joint workshop sponsored by PROMOCET and the Financing System in Sao Paulo has developed a number of new mechanisms to help transfer research results to the market place. One of the outputs of the workshop is a constructive analysis and recommendations on joint activities by the State, universities and private venture capital, in the diffusion of research results through rapid utilization and commercialization.

14. Benefits are now being realized from several other public/private collaborative activities with important commercial objectives. For example, in Latin America, through the carbon-fibre project in Brazil, research development and pilot production activities on wet spinning of the precursor fibre and carbonization of the carbon fibre have been set up. This project illustrates the possibilities for rapid adaptation of new technologies transferred via UNFSSTD from industrial to developing countries. Results of this project are already being utilized in commercial production: inter alia, in commercial

aircraft that are now being offered in international markets. In this, as in all UNFSSTD-financed projects, an intercountry workshop was established to help developing countries to initiate their own programme in this technology. A related technical book published on this process is now in distribution.

15. In the same region, a UNFSSTD project in Uruguay, which helped to develop a method to inactivate foot and mouth disease virus in meat products, has also had successful commercial results. Most significantly, markets previously closed in the United States and the European Economic Community (EEC) are being reopened to meat products from Uruguay, with very important economic potentials for this major export product.

## II. FINANCIAL STATUS AND ANALYSIS

16. In the critical area on resource mobilization, UNFSSTD has also taken important initiatives with the private sector. One such measure has already yielded significant commitments from several major corporations in Europe. Based on the activities of a former industrial leader in the Netherlands, who was designated by the Administrator as Special Adviser on Science and Technology to promote private sector support, firm commitments have been received from interested corporations who have agreed to provide technical and other resources amounting to approximately \$2 million. The results of these efforts are clearly promising and are expected to be extended to other countries and regions.

17. The primary form of resources made available to UNFSSTD during 1985 was in the form of trust funds. Three major trust funds valued at \$7.8 million were agreed during the year and implementation on them has already started. Total expenditures in 1985 were \$8.36 million, a substantial increase over the \$8.07 million in 1984. However, as non-core financing, including trust funds, has become the dominant mode in recent years, an increasing proportion of expenditures is from this source. This raises important questions regarding the balance between core and non-core resources. As the annexes show, resources available for further programming would, without further replenishment, decline to negligible levels by the end of 1986.

## III. INTERGOVERNMENTAL ACTION

18. The Secretary-General presented, as requested, a set of recommendations to the General Assembly at its fortieth session, on the financial and institutional structure of UNFSSTD for the period 1986-1988. A central aim of these recommendations was to strengthen UNFSSTD by placing it in a more secure institutional environment through closer linkages with UNDP, while retaining its unique mandate and operational vitality. After considering these recommendations, the General Assembly requested the Secretary-General to review the recommendations in the light of comments made by Governments and to arrive at final proposals which are to be transmitted to Governments by 1 March 1986. These proposals will form the basis for a pledging conference

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(now scheduled to be convened on 22 April 1986) to enable Governments to pledge resources for UNFSSTD in 1986 and to give indications of their intent to provide other resources.

19. In this connection, the resolution also decided that, to maintain a viable level of operations, the total resources made available to UNFSSTD in 1986 should be sufficient to permit operations of not less than the average achieved over the past three years, i.e., approximately \$10 million, and that there should be a reasonable balance between core and non-core resources. Should the amounts realized fall significantly below this level, the Secretary-General is required to report the fact to the Intergovernmental Committee on Science and Technology for Development (IGC), together with his views on the future of UNFSSTD, including, if necessary, its orderly termination.

20. Similarly, the Administrator is requested to bring the matter to the attention of the Governing Council at its thirty-third session, with a view to seek authorization to carry out any new responsibilities that may be assigned to UNDP, including the provision of such administrative support as may be required.

21. The Secretary-General's final proposals have been completed and were transmitted to Governments as requested. As called for in resolution 40/194, the Administrator will report to the Governing Council on the results of the pledging conference and on the Secretary-General's report to the IGC, together with any relevant action taken by that body.





## UNITED NATIONS FINANCING SYSTEM FOR SCIENCE AND TECHNOLOGY FOR DEVELOPMENT

## RESOURCE AVAILABILITY AND UTILIZATION

Table 1. Consolidation of core and non-core resources  
(in millions of US dollars)

		ACTUAL			ESTIMATED	
		1983	1984	1985	1986	1987
I.	<u>Availability of resources</u>					
	Balance as at 1 January	18.47	14.74	12.97	8.23	2.75
	Additional resources received					
	Voluntary contributions	0.49	0.35	0.30	0.67 <sup>a/</sup>	0.00
	Cost-sharing contributions	1.05	0.01	0.06	0.13	0.13
	Sub-trust fund contributions	2.66	4.74	2.67	7.10	6.20
	Interest and other income	1.92	1.20	0.59	0.25	0.15
		6.12	6.30	3.62	8.15	6.48
	TOTAL	24.59	21.04	16.59	16.38	9.23
II.	<u>Utilization of resources</u>					
	Project Expenditure	7.46	6.15	6.46	12.00	6.50
	Reimbursement of agency support costs	0.63	0.43	0.46	0.45	0.18
	Programme support and administrative services costs	1.76	1.49	1.44	1.18	0.26
	TOTAL	9.85	8.07	8.36	13.63	6.94
III.	<u>Balance of resources as at 31 December</u>					
	Core resources <sup>b/</sup>	14.31	9.13	6.03	2.10	0.23
	Non-core resources <sup>c/</sup>	0.43	3.84	2.20	0.65	2.06
	TOTAL	14.74	12.97	8.23	2.75	2.29
IV.	<u>Resources available for further programming</u>					
	Total resources as at 31 December (as in III above)	14.74	12.97	8.23	2.75	2.29
	Less: Unspent project allocations	16.06	9.99	8.34	2.30	1.50
	Balance available as at 31 December <sup>d/</sup>	( 1.32)	2.98	(0.11)	0.45	0.79 <sup>e/</sup>

<sup>a/</sup> Pledges outstanding as of end 1985, to be collected during 1986.

<sup>b/</sup> For activities financed from voluntary and cost-sharing contributions.

<sup>c/</sup> For activities financed from sub-trust fund or other contributions.

<sup>d/</sup> Including non-convertible currencies amounting to \$US0.14 million as of 31 December 1985.

<sup>e/</sup> Interest income on sub-trust funds included in the balance of resources and to be used for project activities in consultation with trust fund donors.

Annex I (continued)  
Table 2. Core resources  
(in millions of US dollars)

	ACTUAL			ESTIMATED	
	1983	1984	1985	1986	1987
I. <u>Availability of resources</u>					
Balance as at 1 January	18.42	14.31	9.13	6.03	2.10
Additional resources received					
Voluntary contributions	0.49	0.35	0.30	0.67 <sup>a/</sup>	0.00
Cost-sharing contributions	1.05	0.01	0.06	0.13	0.13
Interest and other income	1.92	1.16	0.32	0.15	0.05
	3.46	1.52	0.68	0.95	0.18
TOTAL	21.88	15.83	9.81	6.98	2.28
II. <u>Utilization of resources</u>					
Project expenditure	5.29	4.92	2.51	4.00	2.00
Reimbursement of agency support costs	0.53	0.30	0.25	0.18	0.05
Programme support and administrative services costs	1.75	1.48	1.02	0.70	0.00
TOTAL	7.57	6.70	3.78	4.88	2.05
III. <u>Balance of resources as at 31 December</u>					
Core resources <sup>b/</sup>	14.10	9.13	5.99	2.10	0.23
Other resources <sup>c/</sup>	0.21	0.00	0.04	0.00	0.00
TOTAL	14.31	9.13	6.03	2.10	0.23
IV. <u>Resources available for further programming</u>					
Total resources as at 31 December (as in III above)	14.31	9.13	6.03	2.10	0.23
Less: Unspent project allocations	15.63	6.20	6.29	2.05	0.00
Balance available as at 31 December <sup>d/</sup>	(1.32)	2.93	(0.26)	0.05	0.23

<sup>a/</sup> Pledges outstanding as of end 1985, to be collected during 1986.

<sup>b/</sup> For activities financed from voluntary contributions.

<sup>c/</sup> For activities financed from cost-sharing contributions.

<sup>d/</sup> Including non-convertible currencies amounting to \$US0.14 million as of 31 December 1985.

Annex I (continued)

Table 3. Non-core resources  
(in millions of US dollars)

		ACTUAL			ESTIMATED	
		1983	1984	1985	1986	1987
I.	<u>Availability of resources</u>					
	Balance as at 1 January	0.05	0.43	3.84	2.20	0.65
	Additional resources received					
	Sub-trust fund contributions	2.66	4.74	2.67	7.10	6.20
	Interest and other income	0.00	0.04	0.27	0.10	0.10
		2.66	4.78	2.94	7.20	6.30
	TOTAL	2.71	5.21	6.78	9.40	6.95
II.	<u>Utilization of resources</u>					
	Project expenditure	2.17	1.23	3.95	8.00	4.50
	Reimbursement of agency support costs	0.10	0.13	0.21	0.27	0.13
	Programme support and administrative services costs	0.01	0.01	0.42	0.48	0.26
	TOTAL	2.28	1.37	4.58	8.75	4.89
III.	<u>Balance of resources as at 31 December</u> <sup>a/</sup>	0.43	3.84	2.20	0.65	2.06
	TOTAL	0.43	3.84	2.20	0.65	2.06
IV.	<u>Resources available for further programming</u>					
	Resources as at 31 December (as in III above)	0.43	3.84	2.20	0.65	2.06
	Less: Unspent project allocations	0.43	3.79	2.05	0.25	1.50
	Balance available as at 31 December	0.00	0.05	0.15	0.40	0.56 <sup>b/</sup>

a/ For activities financed from sub-trust fund or other contributions.

b/ Interest earnings included in the balance of resources and to be used for project activities in consultation with trust fund donors.



Annex III

CONTRIBUTIONS RECEIVED IN 1985

Table 1. Voluntary contributions

<u>Donor</u>	<u>For 1985 and prior years</u>			<u>Balance</u> <u>31 December 1985</u> \$	<u>Pledges</u> <u>for 1986</u> \$
	<u>Balance</u> <u>31 December 1984</u> \$	<u>Additions</u> <u>and</u> <u>adjustments</u> \$	<u>Collected</u> \$		
Algeria	100 000	-	-	100 000	-
Cuba	55 556	57	30 613	25 000	-
Ecuador	30 000	-	-	30 000	-
India	100 000	-	-	100 000	-
Indonesia	12 000	-	12 000	-	15 000
Kenya	197 016	(9 132)	-	187 884	49 080
Mexico	-	150 000	150 000	-	-
Pakistan	61 392	(5 561)	-	55 831	-
Republic of Korea	30 000	30 000	60 000	-	30 000
Saudi Arabia	2 000 000	(2 000 000)	-	-	-
Sudan	10 000	-	-	10 000	-
Zambia	30 612	(6 145)	23 605	862	-
Other contributions	93 375	(33 014)	22 165	38 196 <sup>a/</sup>	29 875 <sup>b/</sup>
<b>TOTAL</b>	<b>2 719 951</b>	<b>(1 873 795)</b>	<b>298 383</b>	<b>547 773</b>	<b>123 955</b>

<sup>a/</sup> Contributions from: Bangladesh, Congo, Guyana, Jamaica, Malawi, Morocco, Panama, Paraguay, Senegal, Seychelles, Sierra Leone, Somalia, Tunisia, Turkey, Zaire.

<sup>b/</sup> Contributions from: Bangladesh, Bhutan, Cyprus, Fiji, Honduras, Laos, Lesotho, Madagascar, Malawi, Mongolia, Panama, Philippines, Senegal, Zaire.

Table 2. Cost-sharing, sub-trust fund and other contributions

<u>Cost-sharing contributions</u>	<u>Donor</u>	<u>Contributions received in 1985</u> \$	<u>Due in 1986 and future years</u> \$
	Norway	60 000	-
		60 000	- <u>a/</u>
<u>Sub-trust fund contributions</u>			
	Italy	1 779 800	6 914 800 <u>b/</u>
	Norway	891 500	4 791 400
	Others	-	30 000
		2 671 300	11 736 200
<u>Other contributions</u>			
		-	-
TOTAL		2 731 300	11 736 200

a/ Written commitment for \$261,600 received from OPEC Fund on 12 July 1985 but not entered into UNDP Treasury records in 1985.

b/ Does not include future contributions totalling \$2,503,500 for two sub-trust funds for which commitments have been received but for which the trust fund agreements are not yet signed.