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OTHER FUNDS AND PROGRAMMES

UNITED NATIONS FINANCING SYSTEM FOR SCIENCE AND TECHNOLOGY
FOR DEVELOPMENT

Report of the Administrator on the future of UNFSSTD

Background

1. In resolution 40/194 the General Assembly called for a Pledging Conference to determine the future of the UNFSSTD. It also requested the UNDP Administrator to bring this matter to the attention of the Governing Council at its thirty-third session with a view to seeking authorization to carry out possible new responsibilities that may be assigned to UNDP with regard to the Financing System, including the provision of such administrative support for specific functions and/or posts as may be required.
2. Following the special Pledging Conference held on the UNFSSTD on 22 April 1986, the Secretary-General, as required, transmitted a report to the Intergovernmental Committee on Science and Technology for Development (IGC) containing an analysis of the results of the Pledging Conference and his views on the future of the Financing System. 1/
3. In this report the Secretary-General concluded that despite its positive record of achievement over the past six years there was insufficient support from major donor countries to maintain a separate Financing System on a sustainable basis. However, after informally consulting with Governments he arrived at the view that while it was necessary to bring the UNFSSTD to a close, there was a general preference to establish an operational science and technology facility within UNDP.

4. After considering the Secretary-General's proposal, the IGC adopted resolution 6(VIII) on 6 June 1986, copy of which is attached. It concluded that the course of action proposed by the Secretary-General was necessary if the United Nations was to continue to provide an operational focus for multilateral development activities in science and technology, consistent with the aims and objectives of the Vienna Programme of Action on Science and Technology for Development. Operative paragraph (2) of the resolution recommends that the necessary steps be taken by the General Assembly at its forty-first session to effect the orderly termination of the Financing System as at 31 December 1986 and the transfer of its remaining resources and responsibilities to "an appropriate and identifiable facility for science and technology for development" to be established within the United Nations Development Programme. The Administrator was also requested to bring the Committee's recommendation on the new arrangements to the attention of the Governing Council for its appropriate and early action.

5. The Committee also felt that by placing the operational focus for science and technology within the more secure institutional environment of UNDP, the base of financial support for this work could be broadened, especially by attracting the support of major donors who had stressed the importance of maintaining UNDP's central role in funding operational development activities. At the same time, it was suggested that in so doing, greater emphasis could be given to science and technology in other relevant UNDP development activities in the country programming process and also in global and regional undertakings.

Related issues

6. Other issues of concern to the Committee included the role of the IGC itself in such a new facility within UNDP; its expected level of operations; the related questions of operational and administrative resources; and the appropriate form and nomenclature of the new facility within UNDP's administrative structure.

7. Throughout its discussion on this issue, the Committee emphasized the importance of maintaining within the United Nations system an identifiable facility for development co-operation in science and technology. In this context, it urged that the extensive experience gained by the UNFSSD over its six years of operations be utilized to maximum advantage. Although it recognized that such a facility set up within UNDP would differ substantially from the Financial System, including the modes of mobilizing and disbursing funds, it drew attention to the importance of the catalytic function of such a United Nations financing facility whose effect on development went well beyond the monetary value of its operations.

Proposal for a UNDP Account for Science and Technology

8. Given the recommendation of the IGC to establish such a facility within UNDP, and taking into account the proposals set out in the Secretary-General's report, a number of factors were taken into consideration in formulating the Administrator's proposal to establish a science and technology account, including: its functional aims and objectives; its operational and administrative resources requirements and expectations; and its appropriate institutional structure. Also taken into consideration was the Council's concurrent concern to make the organizational and financial structure of the UNDP-administered system more effective and efficient. The elements of the Science and Technology Account within UNDP are proposed as follows:

Aims and objectives

9. The Science and Technology Account would, at the request of Governments, finance a broad range of activities intended to strengthen the endogenous scientific and technological capacities of the developing countries, and to stimulate co-operation in science and technology for development internationally. These activities would be complementary to bilateral and multilateral programmes for science and technology and fully supportive of the national efforts of developing countries in science and technology. The Account would also be a vehicle for the mobilization, co-ordination, channelling and disbursement of financial and other resources, for which it would be authorized to enter into arrangements with international, regional and other public and private organizations. In addition, it would assume responsibility for supervising the orderly completion of ongoing projects and activities transferred from the UNFSSD. These are expected to be completed during 1987-88.

10. As the focal point for science and technology within UNDP, it would also serve to strengthen the science and technology aspects of other UNDP-financed development activities in the programming and implementation of relevant projects carried out by the Regional Bureaux and other Divisions of UNDP.

Operational and administrative resources

11. As a trust fund established within UNDP, the Account would operate under the financial regulations and rules of UNDP. It would have two types of operational resources:

(i) General resources, consisting of voluntary contributions by governments in convertible currencies. Such resources may be pledged directly to the Account at any time or in conjunction with pledges to UNDP at the annual Pledging Conferences for operational activities.

(ii) The Account could also receive designated resources from both governments and private organizations through specific arrangements, cost-sharing and in-kind contributions. In addition to use in projects funded by the Account, such contributions would also be utilized in conjunction with regular UNDP-funded activities, where such mixed financing arrangements would enhance the achievement of development objectives.

12. The administrative costs of the operational activities of the Account would be met from its own resources. Subject to the approval of the Governing Council, administrative costs for substantive and technical services provided to UNDP would be met from UNDP central resources.

13. As explained in the Secretary-General's report, the resources pledged to the Financial System in April, together with other resources made available for 1986 amounted to \$2.4 million in core pledges (with a significant proportion from developing countries), and \$6.7 million in non-core commitments ^{2/} (with a significant proportion from private organizations). Some of the core pledges were conditional on achieving the overall resource target and in striking an appropriate balance between the core and non-core resources. With this in mind, the IGC invited those governments who have already pledged resources to the Financing System to permit those funds to remain available for use by the new facility and urged all governments and the

international community as a whole to provide additional resources at the earliest feasible opportunity, and to continue to pledge resources regularly in the future.

14. Some governments who made pledges to the UNFSSSTD for 1986 have indicated that they may be able to so re-allocate the funds. In other cases, the matter is under consideration, pending the outcome of the Governing Council's deliberations. Bearing in mind that approximately \$9 million in committed operational resources would be transferred to the Account from UNFSSSTD on 31 December 1986, it would begin with a substantial level of existing operations. Significant additional resources may also be realized for 1987, depending on the extent to which governments (and private organizations) agree to re-allocate their pledges and others make new commitments to the Account in the November 1986 Pledging Conference and thereafter.

Operations

15. The resources of the Science and Technology Account would be allocated to projects submitted by governments in accordance with its agreed objectives, without predetermination of allocations by countries and bearing in mind the need to maintain appropriate geographic balance. As recommended by the IGC, the needs of the least developed countries would be given special consideration and priority. To the extent possible, the operational experience gained by the Financing System would be utilized.

16. Operational procedures for the Account and such related matters as programming, project identification, design and appraisal, management and reporting would be formulated in the light of the measures adopted by the Administrator for other UNDP-administered funds after the current review of this set of issues by the Council.

Institutional structure

17. In view of its proposed functions, which would include management of the financial/operational activities of the Science and Technology Account as well as the provision of substantive inputs in the programming and implementation of other UNDP development activities, its structure would be analagous to the UNDP Energy Account/Office.

18. The Administrator of UNDP would report to the Governing Council on its operations. As recommended by the IGC that Committee would also receive annual reports and would provide guidance on policies and indicate emerging priorities in science and technology for development. The Administrator would make appropriate arrangements for the management of the office, including appropriate staffing, based on a sustainable relationship of administrative to operational expenditures. Appropriate UNDP services at both headquarters and in the field would be utilized to the maximum feasible extent.

19. In consultation with the Director-General for Development and International Economic Co-operation, the Administrator would establish close working relationships with the Centre for Science and Technology for Development on programmatic and substantive matters. The necessary details on these arrangements would be worked out once the Account has been established. Co-ordination with other bodies of the United Nations system on relevant science and technology matters will continue to be ensured.

Further action

20. If the Council concurs with the above proposal, the Administrator will make the necessary arrangements to enable the Account to become operational by 1 January 1987, and to receive resources and undertake responsibilities to be transferred to it upon the termination of UNFSSTD. The Council's decision on this matter will also be made available to the Economic and Social Council at its second regular session to be held in Geneva from 2 to 25 July 1986. Subsequently, as recommended by the IGC, the matter will be brought to the General Assembly at its forty-first session for its consideration and decisions.

RecommendationThe Intergovernmental Committee on Science and Technology for Development,

Recalling General Assembly resolution 34/218 of 19 December 1979 by which the Assembly endorsed the Vienna Programme of Action on Science and Technology for Development, 3/

Recalling also that a central component of the Vienna Programme of Action was the establishment of the United Nations Financing System for Science and Technology for Development to provide the financial and operational focus for multilateral action designed to strengthen the scientific and technological capabilities of developing countries so as to support effectively their development objectives and priorities,

Acknowledging with appreciation the important contribution to the strengthening of science and technology in developing countries made by the Financing System during the six years of its operation,

Noting with regret that the resources deemed necessary by the Vienna Conference for the effective operation of the Financing System and by the General Assembly in several resolutions were never adequately realized despite the recognition of the entire international community of the essential role of science and technology in the development process and the need for effective multilateral action,

Noting the disappointing outcome of the Pledging Conference for the United Nations Financing System for Science and Technology for Development held on 22 April 1986, in spite of the significant efforts made by many developing countries,

Noting further the subsequent proposal by the Secretary-General in his report 4/ to terminate the Financing System at the end of the current year and to establish within the United Nations Development Programme an appropriate and identifiable facility for science and technology for development,

1. Concludes that the course of action proposed in section III of the report of the Secretary-General represents an unavoidable step if the United Nations system is to continue to provide an operational focus for multilateral development activities in science and technology for development, consistent with the aims and objectives of the Vienna Programme on Science and Technology for Development,

2. Recommends that the necessary steps, including a review of the arrangements made, be taken by the General Assembly at its forty-first session to effect the orderly termination of the United Nations Financing System for Science and Technology for Development as at 31 December 1986 and the transfer of its remaining resources and responsibilities to an appropriate and identifiable facility for science and technology for development to be established within the United Nations Development Programme,

3. Recommends that appropriate arrangements be made by the General Assembly to ensure that the Intergovernmental Committee on Science and Technology for Development shall provide policy guidance and priorities for the proposed facility,

4. Recommends further that the resources available should continue to be allocated on the basis of General Assembly resolutions 34/218, 36/183 and 37/244, as appropriate,

5. Requests the Director-General for International Economic Co-operation and the Administrator of the United Nations Development Programme to establish a close working relationship between the proposed facility and the Centre for Science and Technology for Development on programmatic and substantive matters,

6. Invites those Governments that have already pledged resources to the Financing System to permit those funds to remain available for use by the new facility for science and technology for development, and urges all Governments and the international community as a whole to provide resources to the new facility at the earliest feasible opportunity and to continue to pledge resources regularly in the future,

7. Requests the Administrator of the United Nations Development Programme to bring to the attention of the Governing Council the recommendation of the Intergovernmental Committee on the new arrangements and invites the Governing Council to take appropriate and early action, thereby encouraging the United Nations Development Programme to give greater emphasis to science and technology in its work.

Notes

1/ A/CN.11/75.

2/ A/CN.11/75, para.3 and table.

3/ See Report of the United Nations Conference on Science and Technology for Development, Vienna, 20-31 August 1979 (United Nations publication, Sales No.E.79.I.21 and corrigenda), chap.VII.

4/ A/CN.11/75.