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TRAINING AND RESEARCH: UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH

Question of long-term financing arrangements for the Institute

Report of the Secretary-General

1. In its resolution 37/142 of 17 December 1982 the General Assembly requested the Secretary-General to examine all possibilities for funding the United Nations Institute for Training and Research (UNITAR) in order to place its financing on a more predictable, assured and continuous basis, and to report thereon to the Assembly at its thirty-eighth session, keeping in mind article VIII of the Statute of the Institute 1/ and the views expressed during that session.
2. In its resolution 38/177 of 19 December 1983, the General Assembly decided to postpone to its thirty-ninth session the consideration of the question of long-term financing arrangements for the Institute in order to allow sufficient time for the new Executive Director of UNITAR to complete his fund-raising efforts on the basis of a strategy endorsed by the Board of Trustees at its 1983 special session. That strategy has included visits to several donor countries, intensified efforts to have Member States announce their contributions at the annual United Nations Pledging Conference for Development Activities, in which UNITAR is now regularly included, and further contacts with foundations and other non-governmental funding sources.
3. In its decision 38/446 of 19 December, the General Assembly endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the time had come for the Secretary-General, together with the Executive Director and the Board of Trustees of UNITAR, to re-examine the future role of the Institute and that the Secretary-General's report on the question of long-term financing arrangements should take into account institutional developments that had taken place since the establishment of UNITAR (A/38/7/Add.20, para. 7) and the relevant observations and recommendations of the Joint Inspection Unit (JIU) in its report on UNITAR (A/35/181, annex).

4. UNITAR was established in 1965 as an autonomous institution within the framework of the United Nations for the purpose of enhancing the effectiveness of the United Nations in achieving the major objectives of the Organization, in particular the maintenance of peace and security and the promotion of economic and social development. 2/ After comparing the mandate of UNITAR with the mandates of the various institutions created after UNITAR, 3/ in particular the United Nations University and the United Nations Institute for Disarmament Research, and taking into account the arrangements made by the executive heads of those organizations for consultation and co-ordination, the Secretary-General considers that there is no duplication of effort in any common area of activity. It will be recalled that the JIU in its report on UNITAR (A/35/181) had devoted considerable attention to the need for more precise arrangements between UNITAR and the United Nations University to avoid duplication and overlap. In his report to the General Assembly on the implementation of recommendations of the JIU (A/C.5/36/41), the Secretary-General stated that the Board of Trustees of UNITAR and the Council of the University had considered the question of the relationship between the two institutions and had decided that there was no need at that time for any statutory arrangements. As the Executive Director of UNITAR was already an ex officio member of the Council of the University, it was considered sufficient for the Executive Director to extend a standing invitation to the Rector of the University to participate in the session of the UNITAR Board of Trustees.

5. As regards the funding of the Institute, the JIU had concluded that the most suitable, although recognizably difficult, solution to the funding problem would be for UNITAR to have a core budget provided through the United Nations regular budget which would maintain the basic infrastructure of the Institute (see A/35/181, chap. VII). Its substantive programmes would continue to be supported by voluntary contributions. At its nineteenth session, the UNITAR Board of Trustees accepted this recommendation. The General Assembly, at its thirty-fifth session, considered this proposal but was unable to accept the idea of a core budget involving a departure from the principle of voluntary contributions in financing UNITAR. The JIU also recommended that UNITAR seek reimbursement for services rendered by it, but no additional income was generated. Any services rendered by UNITAR to organizations of the United Nations system are reciprocated in one form or another, thus obviating the need for financial reimbursement. For advisory services to governmental institutions, there has been no question of reimbursement of cost as it is in all cases covered by special purpose grants. As regards projects financed by the United Nations Development Programme (UNDP) that are implemented by UNITAR, the funds continue to be channelled through the Department of Technical Co-operation for Development of the United Nations Secretariat or in some cases through the Office of Projects Execution of the UNDP, but no loss of income is incurred by UNITAR from the arrangement since the Institute receives the full prescribed amount of the reimbursement of programme support costs. Nothing resulted from the JIU recommendation for UNITAR to earn additional income as a consultant to executing agencies for development projects because no such commission was forthcoming.

6. The Secretary-General places particular importance on the role of UNITAR. He believes that its training and research activities provide valuable help in improving the functioning of multilateral institutions and diplomacy, as well as in

assisting developing countries, and that, at a time when the very concept of multilateralism is being questioned, UNITAR can help to encourage understanding and support for the basic concept underlying the United Nations and other international organizations that structured multilateral co-operation among nations is essential for humanity's well-being. The Secretary-General remains convinced that the reasons which led to the establishment of UNITAR in 1965 are still valid today.

7. At its twenty-second session, in March 1984, the Board of Trustees of UNITAR considered, among other items, the work programme of the Institute for the biennium 1984-1985 and the issues of its long-term financing arrangements. 4/ As regards the Institute's 1984-1985 budget, the Board reaffirmed that the minimum budgetary level required for a viable programme of training and research for the Institute was \$3 million per year. However, the amount of government pledges and contributions as at 31 August 1984 stood at \$1,719,300. Notwithstanding the appeals of the General Assembly at its thirty-eighth session to Member States that had not yet contributed to UNITAR to do so and to donor countries to increase their voluntary contributions, the amounts expected to be received for the UNITAR General Fund for 1984 are estimated at \$2 million. This expectation has already been taken into account by the Board of Trustees and the Executive Director in their decision to reduce temporarily in 1984 the number of staff in the Division of Research from five posts at the Professional level and above to only one, thereby suspending all research activities in 1984 and concentrating instead on the training activities. Bearing in mind the commitment of the Executive Director to operate on a balanced budget beginning with 1984, the reinstatement of research activities cannot be contemplated until the amount of annual income rises to the \$3 million level identified by the Board as constituting the minimum requirements. From a review of the existing pattern of annual contributions since the inception of UNITAR the Board of Trustees concluded that a system of annual pledges was not likely to result in meeting the minimum requirements for the fulfilment of the Institute's mandate.

8. As regards the long-term financing of UNITAR, the Board of Trustees heard the Secretary-General's invitation to study the proposals of the Executive Director and to make recommendations which could guide the Secretary-General in preparing his report to the General Assembly. The Board of Trustees decided to approve the following three methods of funding based on the principle of voluntary contributions as options for a desirable solution:

(a) Setting up of a reserve fund of \$15 million through grants or soft loans or a combination of those two measures, which could be used to earn interest sufficient to offset shortfalls in annual contributions;

(b) Adoption of a replenishment system under which a target amount to be revised periodically would be subscribed to by all, or by a large group of contributors, while those that could not participate would be invited to continue pledging contributions on an annual basis;

(c) The establishment of an endowment fund of at least \$50 million through a combination of an advanced payment by Member States of 10-year contributions and the granting of soft loans to UNITAR. 5/

The Board of Trustees, however, expressed its preference for the establishment of an endowment fund of at least \$50 million, on the grounds that such a sum would ensure the continuous operation of the Institute at the desired level. Nevertheless, the Board agreed that Member States should be encouraged to finance UNITAR on a long-term basis according to any one of the three methods of funding, or a mix of them.

9. The Secretary-General has welcomed the proposals made by the Board of Trustees and has initiated consultations at the highest level with Governments, particularly those of potential significant donor countries, in order to determine which option or combination of options would meet with the widest support, bearing in mind the preference expressed by the Board for the establishment of an endowment fund.

10. The Secretary-General has now officially received the views of a representative number of major donors to UNITAR on the measures recommended by the Board of Trustees. It appears from the reactions of those Governments that they are not in a position to implement any of the three solutions that the Board of Trustees has envisaged. Under these circumstances, and convinced that the solutions recommended by the UNITAR Board of Trustees represent a reasonable set of options for the long-term financing arrangements for the Institute, the Secretary-General feels that it is now up to the General Assembly to decide on measures that would place the financing of UNITAR on a more predictable, assured and continuous basis.

11. The inadequacy of UNITAR General Fund resources has already led the Board of Trustees to approve a budget for 1984 that required drastic reductions in the staffing of the Division of Research of the Institute, as well as in the research activities financed by that Fund in 1984. Therefore, unless Member States can agree on arrangements to ensure the long-term financial viability of UNITAR, it appears that there will be no alternative other than the closing down of the Institute after 20 years of existence.

Notes

1/ See Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 45, document A/6875, annex III.

2/ Article I of the UNITAR Statute, document A/6875, annex III.

3/ See Official Records of the General Assembly, Thirty-ninth Session, Supplement No. 14 (A/39/14), introduction.

4/ See Official Records of the General Assembly, Thirty-ninth Session, Supplement No. 14 (A/39/14), chap. III.

5/ Ibid., para. 29.
