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UNITED NATIONS ENVIRONMENT PROGRAMME

Establishment and operation of a special account for financing the  
implementation of the Plan of Action to Combat Desertification

Report of the Secretary-General

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\* A/33/50/Rev.1.

## I. INTRODUCTION

1. The present report has been prepared in accordance with paragraphs 11 and 12 of General Assembly resolution 32/172 of 19 December 1977 concerning the United Nations Conference on Desertification. The paragraphs read as follows:

"The General Assembly,

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"11. Endorses in principle the creation of a special account within the United Nations for implementing the Plan of Action /to Combat Desertification/;

"12. Requests the Secretary-General to prepare and submit a study on the establishment and operation of such an account to the General Assembly at its thirty-third session, through the Governing Council /of the United Nations Environment Programme/ and the Economic and Social Council".

## II. PLAN OF ACTION TO COMBAT DESERTIFICATION AND FINANCIAL FOLLOW-UP

2. The Plan of Action to Combat Desertification approved by the United Nations Conference on Desertification (A/CONF.74/36) and subsequently by the General Assembly at its thirty-second session (resolution 32/172) contains objectives principles, and a set of 28 interrelated recommendations for combating desertification. Its immediate goals are to arrest and, where possible, to reverse the process of desertification and reclaim desertified land. Its ultimate objectives are to sustain and promote, within ecological limits, the productivity of arid, semi-arid, subhumid and other areas vulnerable to desertification.

3. The recommendations call for action at the national, regional and international levels in such areas as evaluating desertification, improving land management, promoting and integrating public participation in anti-desertification programmes, improved management of water resources, rangelands and rainfed croplands, expansion and improvement of irrigation systems, maintenance and protection of existing vegetation and stabilization of moving sands, conserving flora and fauna, physical monitoring, monitoring the human condition, adoption of effective economic and demographic policies, provision of health care and family planning services, national planning of human settlements, and insurance against the risk of drought. The Plan of Action also contains recommendations on the utilization of national capabilities in science and technology, improvement and expansion of energy sources, training and education, establishment or improvement of national institutional machinery and integration of anti-desertification programmes in the national development plans.

4. In specific terms, the implementation of the Plan of Action will involve the carrying out of programmes, projects and other concrete activities to translate the objectives and recommendations of the Plan into reality. These activities will

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require substantial financial expenditures and the General Assembly, in resolution 32/172, therefore called for a number of actions for the mobilization of capital, including:

(a) An increase by all countries, in particular developed countries, as well as multilateral financial institutions and non-governmental donors in their assistance to countries suffering from desertification (para. 9);

(b) The convening of a consultative group comprising representatives from organs, organizations and other bodies of the United Nations system, donor countries, multilateral financial agencies as well as developing countries having a substantial interest in combating desertification, to assist in mobilizing resources for the activities undertaken within the framework of implementing the Plan of Action (para. 10);

(c) The preparation by a small group of high-level specialists in the international financing of projects and programmes of a study of additional measures and means of financing for the implementation of the Plan of Action (para. 13);

(d) The establishment and operation of a special account. The relevant paragraph of the Plan of Action (para. 104 (d)) which had been approved by the Conference reads as follows:

"The General Assembly should be invited to take the necessary steps for the creation, at the global level within the United Nations, of a special account for implementing the Plan of Action, which should draw its resources from, inter alia, contributions from Member States, international taxation, donations, multilateral financing institutions and from interest-free loans."

5. The proposed special account is therefore one of a series of measures envisaged by the General Assembly for financing the Plan of Action. In the first, cited in paragraph 4 (a) above, the appeal is mainly to conventional sources of financing to increase the present flows of development assistance. The second measure envisaged by the General Assembly, the consultative group, is also aimed at existing sources. It could help increase the level of assistance, however, through project identification and by serving as a forum for the exchange of ideas and information. The study of additional measures looks into other means of financing, including possible new sources which are at present untapped, such as fiscal measures entailing automaticity. The special account could conceivably receive funds from the sources noted above, with the possible exception of the consultative group, which is envisaged as a means of facilitating direct assistance by contributors to projects.

### III. CONCEPT OF A SPECIAL ACCOUNT

6. The proposal for a special international funding mechanism to help finance the Plan of Action to Combat Desertification was made at the regional preparatory meeting for Africa south of the Sahara of the United Nations Conference on

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Desertification. At that meeting, which was held at Nairobi from 12 to 16 April 1977, a number of delegations, in reviewing the draft plan of action, called for the establishment of an international fund to combat desertification as part of the draft plan (see A/CONF.74/33/Add.1, para. 108). The proposal was again presented, in the form of a suggestion for a "special account", at the United Nations Conference on Desertification held at Nairobi from 29 August to 9 September 1977, and was approved by the Conference as part of recommendation 28 of the Plan of Action.

7. As there was extensive discussion at the Conference on the meaning of these terms, some comments appear indicated. The term "special account" is not specifically defined in the Financial Regulations and Rules of the United Nations, nor is the difference between an "account" and a "fund". The difference between the two is mainly technical. In its generic sense, an "account" is a formal record of an asset, liability, revenue or expense showing the effects of financial transactions. Operationally it is a device for the receipt and disbursement of funds. A "fund", on the other hand, is by definition an asset. While an account can in principle be established without funds being deposited into it, the receipt of any amount will automatically entail the creation of an asset, or fund. In the United Nations, a trust fund can also be established before funds are actually deposited into the relevant account, so that a special account and a trust fund, in practice, can be synonymous.

8. Like a trust fund, a special account is normally established within the United Nations outside the Organization's regular budget accounts for specific activities authorized by legislative action or deemed appropriate by the Secretary-General. The Secretary-General, therefore, recommends that the proposed special account for combating desertification be established, in pursuance of paragraphs 11 and 12 of General Assembly resolution 32/172, in accordance with the procedures followed in the establishment of the existing special accounts. 1/

#### IV. ESTABLISHMENT OF A SPECIAL ACCOUNT

9. A trust fund is normally established by:

(a) The General Assembly;

(b) The Secretary-General in agreement with a donor or donors making a voluntary contribution for specific purposes; or

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1/ Financial rule 106.2 states: "Trust funds, reserve and special accounts may be established outside the regular budgetary appropriations in respect of specific activities entrusted to the Organization." Precedents for the establishment of special accounts are the United Nations Emergency Force (UNEF) and the Special Account for Assistance to Mozambique.

(c) The Secretary-General from contributions made by donors in respect of an appeal by him for a particular purpose (for example the Trust Fund for Assistance to Lebanon).

10. Since what is envisaged is not the result of an initiative by a particular donor or donors or of a special appeal by the Secretary-General, notwithstanding financial regulation 6.6, according to which special accounts may be established by the Secretary-General, it is appropriate that this proposed special account be established by the General Assembly. As in the case of all trust funds, the custody of the funds in the special account shall lie with the Secretary-General.

#### V. OPERATION AND CONTROL OF THE SPECIAL ACCOUNT

11. According to financial regulation 6.7, "the purpose and limits of each trust fund, reserve and special account shall be clearly defined by the appropriate authority. Unless otherwise provided by the General Assembly, such funds and accounts shall be administered in accordance with the present Regulations". It follows that the General Assembly, as the appropriate authority referred to above, has the responsibility of defining the purpose and limits of the special account for combating desertification. It is recommended that these be defined in terms of the considerations described in paragraphs 2 and 3 of the present report. Thus the purpose of establishing and operating the special account will be to facilitate the receipt and disbursement of funds for financing projects, programmes and other activities to help implement the Plan of Action to Combat Desertification.

12. Special accounts, like trust funds, are subject to the Financial Regulations and Rules of the United Nations, except as may otherwise be provided by the General Assembly. The financial regulations which specifically apply are 6.6 (in part), 6.7, 7.2, 7.3, 9.1, 9.2 and 9.3; the applicable financial rules are 106.2, 106.3, 107.6, 107.7, 109.1, 109.2, 109.3, 109.4 (b) and 109.5. Internal control is governed by financial regulations 10.1 and 10.2 and financial rules 110.1 to 110.12.

13. Except where the General Assembly otherwise provides, a trust fund is normally operated and controlled at Headquarters by the Controller on behalf of the Secretary-General. Operational responsibilities, however, may be delegated to departments, offices, regional commissions, and subsidiary organs of the United Nations. Since the Assembly has decided to entrust the United Nations Environment Programme (UNEP) with the responsibility for following up and co-ordinating the implementation of the Plan of Action (resolution 32/172, para. 8), the Secretary-General recommends that the responsibility for executing programmes financed by the special account should be exercised by the Executive Director of UNEP; the financial control of the special account shall be exercised by the Controller on behalf of the Secretary-General in accordance with the Financial Regulations and Rules of the United Nations. Custody of the liquid assets and responsibility for their investment in accordance with financial regulations 9.1 to 9.3 shall be maintained by the Controller.

14. The establishment of the special account shall be reported to the Advisory Committee on Administrative and Budgetary Questions in accordance with financial regulation 6.6.

15. Expenditures of funds from the special account should be limited to projects and programmes as well as support activities to help implement the Plan of Action to Combat Desertification. Until such time as the volume of funds in the special account is sufficiently large to warrant the allocation of funds for assistance, it would appear premature to consider and recommend a set of policies and criteria for the programming of financial resources. It is recommended that the question be reviewed by the General Assembly at its thirty-fourth session in the light of the experience of the special account, if established, and that this be the subject of a report by the Secretary-General to the Assembly at its thirty-fourth session, submitted through the Governing Council of UNEP.

16. As is clear from this discussion, the establishment of a special account for combating desertification does not involve the establishment of any new institution or special administrative machinery and the recommendations in this report carry no financial implications for the United Nations budget. The custody of funds deposited into the special account would be the responsibility of the Controller on behalf of the Secretary-General and this would be exercised as part of the Secretary-General's over-all responsibilities for the custody of all funds held by the Organization. The operation of the special account, at such time as sufficient funds may be deposited to warrant disbursements for assistance to countries suffering from desertification, would be the function of UNEP and its staff.

17. As in the case of trust funds in general, it is recommended that contributions to the special account should not be limited to Governments of Member States, but should be allowed from other sources as well. Over the longer term, the General Assembly may also wish to consider the relationship between the special account and sources of financing other than existing ones, such as measures which may be put into effect as a result of a consideration by the Assembly of the study prepared pursuant to paragraph 13 of resolution 32/172 (UNEP/GC.6/9/Add.1). In any event, contributions should be received only if they are consistent with the policies, aims and activities of the United Nations and do not directly or indirectly involve an immediate or ultimate financial liability for the Organization, unless otherwise agreed upon by the Advisory Committee on Administrative and Budgetary Questions and by the Assembly.

18. The Executive Director of UNEP should be requested to provide annual reports to the Governing Council of UNEP on the programmes financed by the special account. The status of the account shall be reported by the Secretary-General to the General Assembly in the financial report and accounts for each biennium and in the interim financial statements.