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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION: ENVIRONMENT

Financing the Plan of Action to Combat Desertification

Report of the Secretary-General

CONTENTS

	<u>Page</u>
I. INTRODUCTION	2
II. REPLIES RECEIVED FROM GOVERNMENTS	3
III. CONCLUSIONS	12

* A/40/150.

I. INTRODUCTION

1. The present report is submitted in response to paragraph 5 of General Assembly resolution 38/163 of 19 December 1983, entitled "Study on financing the Plan of Action to Combat Desertification".

2. Surveys of the major issues related to desertification, including the costs of desertification control and means of securing additional funds needed to finance programmes of combating desertification and reclaiming desertified lands, have appeared in three recent expert studies submitted to the General Assembly (A/36/141, A/37/424 and Add.1 and A/38/403). After considering the last of these, the General Assembly adopted resolution 38/163, in which it:

(a) Again requested all Member States that had not yet provided their comments to the Secretary-General on the feasibility studies and concrete recommendations for the implementation of the additional measures of financing, as well as on the modalities for obtaining financial resources, as described in the annex to the report of the Secretary-General of 1 October 1981 (A/36/141), to do so as soon as possible;

(b) Also requested all Member States that had not yet provided their comments to the Secretary-General on the expert feasibility study and working plan for the establishment of an international financial corporation to finance non-commercial measures to combat desertification, contained in chapter V of the annex to his report, also to do so as soon as possible, particularly with respect to:

(i) The establishment of the corporation;

(ii) Their interest in participating financially therein.

3. Further to that resolution, the Executive Director of UNEP, on behalf of the Secretary-General, addressed a letter dated 11 April 1984 to all Member States that had not replied to the Secretary-General's note verbale of 30 March 1982, requesting comments on the specific issues identified by the General Assembly. Reminder letters and telegrams were sent on 20 February and 30 April 1985.

4. As at 1 July 1985, responses had been received from 66 Member States. Of these, 32 replies were received in 1982 and 1983 and summarized in two reports of the Secretary-General (A/37/424 and Add.1 and A/38/403). Three replies received in 1983 (from Costa Rica, Mali and Togo) arrived too late for inclusion in the Secretary-General's report to the thirty-eighth session, and are summarized below. A further 31 replies were received in 1984 and 1985. Of them, 10 are simple acknowledgements. The remaining 21 contain comments and views on some of the specific issues raised by the General Assembly.

5. Of the 66 Member States that have responded so far, 20 merely acknowledged receipt of the Secretary-General's note verbale or the letters from the Executive Director of UNEP. The views of the remaining 46 Member States may be summarized as follows:

Number of countries

(a) On the feasibility studies

No comments	31
Support, agree or consider feasible	6
Do not support	9

(b) On modalities

No comments	35
Support or agree	3
Do not support (not acceptable or not in favour)	8

(c) On the international financial corporation

No comments	10
Support	22
Do not support	14

(d) Regarding financial participation in the international financial corporation (of the 22 countries expressing support)

Likely to participate	6
Unable to contribute financially to its establishment	16

II. REPLIES RECEIVED FROM GOVERNMENTS

6. The relevant parts of three replies to a letter sent by the Executive Director on 28 March 1983, and 21 substantive replies to a further letter of 11 April 1984, are reproduced below.

ALGERIA

[Original: French]

[28 May 1985]

1. The Government of Algeria considers that the establishment of a non-commercial financing institution would certainly allow, at a global level, the intensification of efforts to combat desertification and efficiently help countries whose financial resources are limited.

/...

2. The Government cannot but encourage the establishment of an international financing corporation to finance desertification control projects, especially since Algeria, which is affected by the phenomenon over several million hectares, could seek funding for some projects within the framework of the National Plan of Action to Combat Desertification.

BAHAMAS

[Original: English]

[24 May 1985]

The Government of the Commonwealth of the Bahamas has examined the feasibility study and working plan for the establishment of an independent financial corporation for the financing of desertification projects. The Bahamas agrees that there is some merit in the proposal, but, due to budgetary constraints, is unable to support the proposal financially.

BELGIUM

[Original: English]

[8 May 1985]

1. As regards the additional methods of financing proposed in the Secretary-General's report, the Belgian Government takes the view that the methods of financing, such as levies on international trade, the establishment of a common fund for raw materials, the sale of IMF gold, levies on receipts from the exploitation of the sea ... would imply more or less automatic contributions, which is unacceptable to Belgium. United Nations institutions should implement their activities via existing ways of financing, i.e. regular contributions, calculated on the basis of GNP, or voluntary contributions.

2. Moreover, Belgium takes the view that operational expenses such as desertification projects should preferably be financed by voluntary, not regular, contributions.

3. For these reasons, Belgium opposed draft resolution 132, which requested the Secretary-General to examine different financing methods in the context of a strengthening of international economic co-operation.

4. As regards the establishment of an international financing corporation competent for financing projects to combat desertification, such as proposed in the report of the Secretary-General (A/36/141), Belgium takes the view that the establishment of a new international financing body is not appropriate because of the lack of funds. Moreover, existing financing institutions such as the World Bank, regional development banks, the European Investment Bank and others should be more involved.

5. Several of these institutions are concerned with problems of desertification in the framework of the Committee of International Development Institutions on the Environment established by the above-mentioned banks, UNEP, UNDP and the EEC Commission. Moreover, to ensure the permanent follow-up of the common declaration concerning economic development and the protection of the environment, the EEC Council of Environment Ministers approved a resolution on 28 June 1984 in which it expressed its wish to enhance the representation of the EEC Commission in CIDIE.

BELIZE

[Original: English]

[12 April 1985]

Belize recognizes that the Plan is a useful one. However, it regrets it is unable to participate at this time.

BENIN

[Original: French]

[27 May 1985]

The Government of Benin supports any action to combat drought and desertification. Consequently, the Government of Benin has no objection to the establishment of an international financial corporation to finance non-commercial desertification control projects.

BULGARIA

[Original: English]

[14 May 1985]

Owing to specific geographic and climatic conditions, Bulgaria is not affected by desertification processes and is, therefore, lacking expertise and knowledge to contribute substantially towards solving this problem.

BURKINA FASO

[Original: French]

[22 March 1985]

The Government of Burkina Faso has no special observations to make on the feasibility studies and concrete recommendations for the implementation of additional measures of financing, or on the modalities for obtaining financial resources, as described in the annex to the Secretary-General's report (A/36/141). However, it fully supports the establishment of an international financial corporation to finance desertification control projects, as foreshadowed in chapter V of the annex to the report. The Government of Burkina Faso will study the possibility of taking part in the financing of the corporation.

COMOROS

[Original: French]

[16 May 1985]

The Government of the Comoros has no observations to make on the report. It supports the establishment of an international financial corporation to finance non-commercial desertification control projects.

COSTA RICA

[Original: Spanish]

[29 July 1983]

1. Because Costa Rica has no problems related to deserts and in view of its difficult economic situation, it will not financially participate in the international corporation.

2. However, Costa Rica firmly supports the working plan for the establishment of a corporation which would help resolve such problems in other countries.

KUWAIT

[Original: English]

[27 June 1985]

The authorities concerned regret that they will not be participating in the financing of the Plan of Action to Combat Desertification at present.

/...

MALAYSIA

[Original: English]

[27 June 1985]

Malaysia fully supports the United Nations Plan of Action to Combat Desertification. However, its participation in the Plan of Action is limited by existing financial constraints within the country.

MALI

[Original: French]

[29 August 1983]

1. In order to obtain additional means of financing the Plan of Action, the Government proposes:

- (a) The taxation of imports and exports or a general trade tax on an international scale (at a rate of 0.1 per cent);
- (b) IMF gold sales and the yield on special drawing rights;
- (c) Exploitation of the sea-bed beyond territorial waters;
- (d) Parking taxes on geostationary communications satellites.

General comments

2. The resources to be made available to countries should be related not to each country's indebtedness and its ability to repay, but rather to the extent of the desertification process. These resources should be given to the least developed countries either in the form of long-term interest-free loans or as grants.

Detailed comments

3. Regarding the first proposal, we have the following suggestions:
- (a) Establishment of an effective customs system;
 - (b) Preparation of a list of products to be taxed in each country;
 - (c) A reduction in the rate of the tax for foodstuffs and an increase in the rate for all products whose use entails degradation of the environment.

4. Where the funds to be derived from gold sales and special drawing rights are concerned, their management should be entrusted to UNEP, rather than establishing a new management structure which would entail additional financial burdens.

5. The satellite parking tax should be determined in such a way as not to add further to the already very high costs of communications in the least developed countries.

NIGER

[Original: French]

[29 March 1985]

Efforts to combat desertification constitute one of the Niger's priorities within the framework of its socio-economic development programme. Therefore the Government supports the establishment of an international financial corporation to combat desertification.

PANAMA

[Original: Spanish]

[16 March 1985]

Panama supports the establishment of an international financial corporation to finance non-commercial measures to combat desertification. However, Panama cannot at this stage afford any financial contribution due to budget restrictions.

PHILIPPINES

[Original: English]

[5 September 1984]

The National Environmental Protection Council of the Philippines is supportive of the overall objective of the Plan of Action. However, the Government regrets it is not presently in a position to participate financially.

RWANDA

[Original: French]

[18 March 1985]

The Government of Rwanda has no special observations to make on the technical feasibility study and the working plan proposed, but it strongly supports the establishment of such a corporation, and intends to participate actively in its establishment.

SOLOMON ISLANDS

[Original: English]

[30 May 1984]

The Solomon Islands Government generally agrees with the establishment of the corporation, but is not interested in participating financially therein.

SOMALIA

[Original: English]

[28 March 1985]

The Government fully supports the establishment of an international financial corporation as part of desertification control programmes. The Government contribution to the financing of the corporation will be limited; however, it will take measures to support UNEP in augmenting funds required from bilateral and multilateral sources.

SUDAN

[Original: English]

[24 April 1985]

1. The Sudan being one of the African countries most seriously affected by desert encroachment within and outside its boundaries, notes with much concern the slow implementation of the Plan of Action to Combat Desertification. One of the main obstacles in implementing the Plan was and is the unavailability of adequate funds for implementing the Plan.

2. While appreciating contributions from some donor countries, the Sudan looks forward to an institutionalization of fund resources.

3. The Sudan fully supports the establishment of the proposed financial corporation. The Sudan, although facing a difficult economic situation, will spare no effort in its endeavour to support the proposed corporation, and is appealing to the international community to give every possible support to the corporation.

THAILAND

[Original: English]

[8 March 1985]

1. The proposed establishment of the international financial corporation is, in principle, acceptable to the Thai Government, even though Thailand is not classified, according to the United Nations desertification map, as an arid or semi-arid area which is entitled to receive financial assistance from UNEP.

2. Thailand is not, at present, in a position to render any financial assistance in support of the non-commercial desertification measures of the said corporation, due to the fact that Thailand has also to combat the problem arising from arid and semi-arid areas in some parts of Thailand itself.

TOGO

[Original: French]

[8 March 1983]

Additional measures

1. It would appear that the yield of the planned indirect link with special drawing rights might suit the situation. The developed countries will have to show understanding for this arrangement to go into effect.

Modalities of obtaining resources on a concessionary basis

2. The developed countries must once again provide the necessary means on the basis of an agreed target in the form of official development assistance.

Establishment of an international financial corporation

3. Togo supports this initiative on the grounds of:

(a) The importance of the desertification problem in the world, which has very unfavourable and dangerous consequences for the economic and social development of the countries concerned. An implacable struggle against this scourge is therefore called for;

(b) The independence of the institution, so that it can better meet the objectives to be assigned to it, through a free and dynamic policy of seeking funds and intervening rapidly in the field.

Desirable measures

4. Among the measures proposed, two could be combined in order to allow the corporation more room for manoeuvre:

/...

(a) The setting up of a system of limited joint guarantees negotiated among donors. This would afford a means of testing and exploiting international solidarity;

(b) The strengthening of the corporation by assigning to it part of IMF's gold reserves, which would thus serve as collateral for borrowing by the corporation.

5. Once these arrangements have been instituted, the wealthy countries should be invited, in the name of international solidarity, to assume their responsibilities by providing the funds required for a large-scale campaign.

UNION OF SOVIET SOCIALIST REPUBLICS

[Original: Russian]

A letter dated 20 August in 1982 but received in UNEP only in July 1985 stated that the Soviet Government is not in favour of the establishment of an international financial corporation.

YUGOSLAVIA

[Original: English]

[11 June 1985]

Yugoslavia is giving full support to efforts of the international community for combating desertification. However, at this stage, Yugoslavia regrets it is unable to participate in financing non-commercial projects in this field.

ZAIRE

[Original: French]

[23 March 1985]

The Executive Council supports the establishment of an international financial corporation to finance desertification control projects. However, Zaire is not yet in a position to provide a positive response to any request for contributions.

III. CONCLUSIONS

7. This is the third report to be submitted to the General Assembly on the response of Member States to the expert studies on financing the Plan of Action to Combat Desertification. The first was presented by the Secretary-General at the thirty-seventh session, and included responses from 14 Member States. The second report, which included an additional 18 replies, was submitted to the thirty-eighth session. A tabular summary of the replies of 34 Governments is given in the table below. The present report summarizes 34 replies received during 1984 and 1985, bringing the total of responses received over almost four years to 66, or about 40 per cent of the membership. These include 22 simple acknowledgements of receipt, substantive replies have been received from less than 30 per cent of the membership.

8. An analysis of the replies or acknowledgements received shows that of 91 countries affected by desertification only 25 have replied so far. The progress made since the last report was presented two years ago is slow - only 16 more affected countries have sent in acknowledgements of receipt or replies.

9. Regarding the substantive issues addressed in the 46 replies received, two elements are discernible:

(a) The majority do not support the proposed modalities;

(b) Half the respondents support the establishment of an international financial corporation, but few are willing to participate financially.

10. Thus there seems to be no general support for the series of measures for providing additional resources needed for financing the Plan of Action to Combat Desertification as outlined in the three expert studies. The General Assembly may, however, consider that the innovative approaches and modalities embodied in the three expert studies deserve further consideration. A small group with a more closely focused perception may be better able to perform this task. The Consultative Group for Desertification Control, established by the General Assembly in resolution 32/172 of 19 December 1977, could be asked to do so with a view to the creation of practical and effective means for the early financing of the implementation of the Plan of Action, with particular emphasis on the feasibility of establishing an international financial corporation for that purpose.

Summary of 34 Governments' responses to General Assembly
resolutions 36/191, 37/220 and 38/163

	Algeria	Bahamas	Belgium	Benin	Burkina Faso	Comoros	Costa Rica	Kuwait	Malaysia	Mali	Niger	Panama	Philippines	Rwanda	Solomon Islands	Somalia	Sudan	Thailand	Togo	USSR	Yugoslavia	Zaire	Total
<u>Feasibility study</u>																							
No comments	+	+		+	+	+	+	+	+	+	+	+					+	+	+	+	+	+	19
Supports													+								+		2
Does not support			+																				1
<u>Modalities</u>																							
No comments	+	+		+	+	+	+	+	+		+	+	+	+	+	+	+	+			+	+	19
Supports										+									+				2
Does not support			+																				1
<u>International financial corporation</u>																							
No comments								+		+			+								+		4
Supports	+	+		+	+	+	+		+		+	+		+	+	+	+	+	+			+	16
Does not support			+																	+			2
<u>Financial participation</u>																							
No comments			+	+		+				+							+		+				7
Will participate																							0
May participate (no commitment)	+				+									+		+							5
Not able to participate		+					+	+	+			+	+		+			+			+	+	10

Note. Acknowledgement only from 12 Governments: Angola, Barbados, Belize, Bolivia, Bulgaria, Dominica, Haiti, Holy See, Ireland, Liberia, Samoa and United Republic of Tanzania.