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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION:
DESERTIFICATION AND DROUGHT

Implementation and financing of the Plan of Action
to Combat Desertification

Report of the Secretary-General

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* A/42/150.

I. INTRODUCTION

1. In its resolution 40/198 A of 17 December 1985, on the implementation of the Plan of Action to Combat Desertification, the General Assembly inter alia: noted the dearth of reactions and replies on the measures for providing additional resources needed for financing the Plan of Action recommended in the three reports prepared by high-level financial experts convened by the Executive Director of the United Nations Environment Programme in accordance with General Assembly resolution 32/172 of 19 December 1977 (and its sequels); considered that the expert studies deserved further consideration and requested the Executive Director to take due account of them under his responsibility with respect to the implementation of the Plan of Action as well as within the framework of the mandate of the Consultative Group on Desertification Control; and requested the Secretary-General to report to the General Assembly at its forty-second session, through the Economic and Social Council, on the implementation of the present resolution.

2. The present report was prepared in response to resolution 40/198 and is based on a study prepared by the Executive Director of the United Nations Environment Programme (UNEP). In the preparation of the study, the Executive Director had the benefit of consultations with high-level officials and experts (see annex).

3. The Plan of Action to Combat Desertification was adopted in 1977, upon the recommendation of the United Nations Conference on Desertification, held earlier that year at Nairobi. The premises on which the Plan of Action was based may be briefly recalled as follows:

(a) Desertification is a process of environmental degradation through which productive land is made non-productive. The total area of once-productive land lost in recent decades is estimated to be over 9 million square kilometres. The present annual rate of loss is in the order of 60,000 square kilometres. The significance of the former figure is appreciated when compared with the present world food-producing land area of 13 million square kilometres;

(b) The seriousness of desertification, which directly affects over 100 countries in the world, and indirectly all the rest, is accentuated by the rapid acceleration in world population growth and hence the need for food production to be substantially increased;

(c) Global impacts of desertification that extend beyond the directly affected countries relate to: (i) likely effects on world climate through, inter alia, increased atmospheric dust and change in ground surface albedo; (ii) loss of valuable genetic resources, particularly wild relatives of crop and forage species and medicinal plants; (iii) stress on global food balance and subsequently on political stability;

(d) Desertification is essentially due to interactions between overtaxing land-use systems and fragile ecosystems, which include actions of man, particularly the misuse and over-use of land resources. There is no evidence that desertification is caused by large-scale climatic change;

(e) The shortage of resources (capital, knowledge, trained manpower and national institutions) represents a major obstacle to action for halting desertification and reclaiming desertified lands. Desertification is thus particularly overwhelming in the least developed countries;

(f) The effort to combat desertification should be integrated into and accorded priority in national development plans; it should be given highest consideration in aid programmes.

4. The target initially set in the Plan of Action was to stop desertification by the year 2000. The cost of a 20-year implementation programme was estimated in 1980 to be in the region of \$US 90 billion (\$4.5 billion per year). The part of the programme to be implemented in developing countries requiring external financial assistance would cost \$48 billion (\$2.4 billion per year). The balance of \$42 billion would represent the cost of implementing the programme in developed countries and in developing countries with the capacity to finance their national programmes. The current annual loss of productive land due to desertification is in the order of \$26 billion (of which \$12 billion is incurred by developing countries that require external financial assistance).

5. Estimates of current expenditure for combating desertification in developing countries requiring external financial assistance indicate an annual expenditure of \$500 million from external aid sources and \$99 million from national Government sources. These estimates indicate that about \$1.8 billion in additional resources are required annually to support the implementation of the Plan of Action in developing countries that require assistance. These figures clearly exceed present levels of bilateral and multilateral assistance directed towards sustained development in desertification-prone territories, and hence the amounts discussed in the three studies on additional resources prepared in response to a series of General Assembly resolutions (see sect. II).

II. BACKGROUND: THREE EXPERT STUDIES

6. In recognition of a compelling reality that exists not only for the Plan of Action, but for all similar large environmental programmes that are inherently non-self-financing, or require a threshold level of capital for effective action, the General Assembly decided in 1977 that a study on additional measures and means of financing the implementation of the Plan of Action should be prepared by a small group of high-level specialists in the international financing of projects and programmes, as recommended by the United Nations Conference on Desertification. Two further studies were carried out in 1980 and 1981 by high-level experts at the request of the General Assembly (see A/33/260, A/35/396 and A/36/141).

7. The following principal issues were examined in the studies:

(a) Methods for the mobilization of domestic resources;

(b) Practicability of obtaining loans from Governments and world capital markets on a concessionary basis;

(c) Feasibility of creating a public international corporation that would attract investments from the capital market and that would receive support from aid institutions and provide concessionary financing for suitable anti-desertification projects with non-commercial rates of returns;

(d) Means for encouraging the active participation of foundations in the financing of anti-desertification training and research programmes;

(e) New ways and means to finance world programmes, additional to regular assessed budgets and conventional extrabudgetary resources.

8. The major points raised under each issue are summarized briefly in the following paragraphs.

A. Methods for the mobilization of domestic resources

9. Although a substantial part of the resources required in anti-desertification projects is domestic, the requirements for external assistance must remain high for a number of reasons:

(a) Income levels in many desertification-affected countries, which are also some of the least developed countries, are very low;

(b) Fiscal capabilities of these countries are weak;

(c) Anti-desertification projects often entail long gestation periods and their cost-effectiveness is non-competitive on a purely financial basis;

(d) Institutional arrangements for accumulating and investing savings are limited or non-existent.

10. It is possible to envisage measures and methods for the mobilization of additional domestic resources, e.g., through increasing tax collection, diverting resources from lower priority uses, charges for the use of land, the productivity of which has been increased in the process, the mobilization of domestic resources required for anti-desertification work, principally labour, through the provision of external assistance, either in the form of goods to be sold in local markets, or food supplies (as done in the case of the World Food Programme), the organization of joint enterprises to raise cash crops, including new varieties suitable for areas with limited rainfall, etc. It seems unlikely, however, that most of the affected developing countries would be able to raise more than a fraction of the sums needed to finance the Plan of Action.

B. Practicability of obtaining loans from Governments and world capital markets on a concessionary basis

11. The studies reveal that, as experience with other assistance programmes has shown, obtaining grants and concessional loan funds is not likely to be easy. In any event, as the scale of anti-desertification effort grows, other sources of financing will have to be identified and developed.

12. Subject to these overall limitations, certain elements deserve consideration:

(a) Loans on a concessionary basis (or grants) are normally made to the poorest countries (which are also by and large the more desertification-prone countries) or to countries and regions because of the severity of their geographical problems (e.g., the Sudano-Sahelian region) or because of special ties with donor Governments;

(b) Economic analyses of projects are a major element in the decision to grant such financing;

(c) A number of bilateral assistance programmes, although they do not include desertification as a separate sectoral classification, do give priority to desert-prone arid and semi-arid areas, such as the Sahel;

(d) Since desertification control programmes often involve rural development and affect the poorest segments of the population, they are often looked upon favourably by lending agencies, such as the International Fund for Agricultural Development.

13. As regards loans from world capital markets, the principal means by which concessionary terms could be obtained would be through assistance from third parties by mechanisms such as guarantees of interest and principals, payment of part of the interest charges, advancing the amortization of the loans and blending concessionary and non-concessionary funds. The most promising approach is through the use of an intermediary development financing institution, e.g., the World Bank, the International Development Association, the regional development banks and other members of the Committee of International Development Institutions on the Environment. Such institutions could "package" concessionary loans, and tap the sources of private capital and the donors willing to blend grants and long-term, low-interest development funds. Such arrangements could also be undertaken by a public international financing corporation (as also recommended by the studies and summarized in the following section).

C. Proposed public international corporation for financing anti-desertification projects

14. The proposal for creating a public international corporation has been supported in all three studies. In paragraph 13 of the 1980 study (A/33/396), it was noted that:

"the ability of the corporation to borrow in capital markets could be assured if a number of industrialized and oil-exporting governments provided equity capital and guaranteed its obligations. The Corporation could achieve concessional terms in its anti-desertification lending operations by blending money borrowed on commercial terms with grants and concessional loans from aid donors or with funds raised by one of the new means described in [this study] ... Alternatively, it could use grants, concessional loans, or new revenues to cover both its administrative costs and part of the interest charges on money borrowed in capital markets. Some of the corporation's equity capital could also be used for blending and to hold down interest rates charged on anti-desertification loans."

15. The 1981 study consisted of "a full feasibility study and working plan for the establishment" of such a corporation, including its articles of agreement. The proposal calls for providing the corporation with equity funds from countries with international account surpluses and from financial institutions.

16. The feasibility of establishing such a corporation depends upon a number of factors. As pointed out in the 1980 study (ibid., paras. 185-186),

"if the proposed new financing institution were established in the form of a public international corporation, it would have the flexibility in operation, and would encourage the efficiency in management, that would commend its activities to potential suppliers of funds ... It should not, therefore, be precluded from extending the range of its services to include projects which are capable of being funded on a basis which will assure over time a return of capital and even, in some cases, modest interest charges. To the extent that the corporation were able to establish a sound record of managing such projects, it would be reasonable to expect that it would attract funds from sources which would not be interested if the corporation's activities were confined exclusively to undertakings which could be financed only on a full grant-in-aid or interest-free loan basis."

17. The General Assembly, in a series of resolutions, namely, 36/191 of 17 December 1981, 37/220 of 20 December 1982 and 38/163 of 19 December 1983, requested the Secretary-General to obtain the views of Member States with respect to: (a) the establishment of the corporation and (b) their interest in participating financially therein. In his report to the General Assembly (A/40/644), the Secretary-General noted that 66 Member States had responded: 20 had 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 as regards the international financial corporation were reflected as follows: 10 had no comment, 22 were supportive, 14 were unsupportive. Of the supporting countries, 6 were likely to participate financially and 16 were unable to do so.

D. Means for encouraging the active participation of foundations in the financing of anti-desertification training and research programmes

18. The 1980 study made an inventory of private foundations and their fields of interest. The majority of them were in the member countries of the Organization for Economic Co-operation and Development (OECD). The main findings were that:

(a) In the United States of America there are over 26,000 private foundations with assets of about \$32 billion; in 1978, they made grants of over \$2.1 billion;

(b) In Europe there were 16,000 to 21,000 foundations with assets of about \$8.5 billion; in 1978, they made grants of about \$900 million;

(c) The social and natural sciences received support of about 17 per cent of the grants; the rest was allocated to education, health, social welfare, arts and humanities and religion;

(d) An analysis of grants made mostly in 1978 and 1979 by the larger foundations showed that 13 foundations in the United States of America made total grants of \$383 million, of which \$79 million (20.6 per cent) was for aid to developing countries. Ten European foundations made total grants of \$94 million, of which \$15.4 million (16.4 per cent) was allocated to aid; the total development assistance grants made by private and government-supported foundations in 17 OECD countries in 1978 was \$1,663 million.

19. It may be added that in response to General Assembly resolution 35/75 of 5 December 1980, calling for a world-wide effort in research and training and requesting UNEP to invite private foundations to co-operate in its implementation, the Executive Director of UNEP submitted to a number of foundations a global programme of research and training (with regional and sectoral components) in desertification control and resource management in arid lands and inquired about prospects of their interest in supporting components of the programme. Little interest was shown.

E. New ways and means to finance world programmes additional to regular assessed budgets and conventional extrabudgetary resources

20. The 1980 study, prepared in response to General Assembly resolution 34/184 of 18 December 1979, included a complete inventory of relevant ideas and proposals put forward in the United Nations system of possible new ways and means to finance programmes of multilateral organizations at the world level, additional to regular assessed budgets and conventional extrabudgetary resources. The proposals contained in the inventory comprised:

(a) Measures involving automaticity that have already been carried out and shown to be feasible and have been approved, or are nearing approval, e.g., the establishment of a trust fund from International Monetary Fund gold sales for

developing countries; the agreement to establish the Common Fund of the United Nations Conference on Trade and Development (UNCTAD) (International Commodity Agreement); and various proposals made at the Third United Nations Conference on the Law of the Sea to use revenues from the deep ocean bed and parts of continental shelves more than 200 miles from shore for international purposes;

(b) Proposals that, at least prima facie, appear feasible and merit detailed action-oriented feasibility studies, (see subpara. (c));

(c) Proposals, the implementation of which is not foreseen, e.g., to link disarmament and development, military taxation.

21. Taking the consideration of these issues further, the 1981 study considered feasibility studies and concrete recommendations for the implementation of the additional means of financing deemed practicable by the Secretary-General, including those providing for a predictable flow of funds. Six specific sources of additional funds were found to be "practicable", drawing on existing pools of sovereign capital or tapping new types of revenues to provide a future automatic flow of funds: two of the six involved certain modifications in the working of the international monetary system, the remaining four were new sources.

(a) Generalized trade tax. This may be either a gross sales tax levied world wide on the broadest possible mix of both goods and services (including tourism, transportation and financial services), or a more narrowly based tax levied on specific categories of goods. The taxes are considered in the context of raising revenues and not in terms of their penalty effects or disincentive value. It is estimated that at current levels of world trade (according to UNCTAD, the 1986 figures could well be around \$2,159 billion) even a low rate of tax (e.g., 0.1 per cent) could yield \$2 billion a year.

(b) International Monetary Fund gold sales and trust fund reflows. IMF can be enabled to allocate some portions of its resources from gold sales to anti-desertification institutions, the purposes of which relate much more closely to longer term development; nothing in the purposes listed in article I of the IMF Articles of Agreement appears to militate against such a course of action.

(c) Link between special drawing rights and development finance. Currently, special drawing rights are allocated in proportion to the quotas of Fund members; over the years, many proposals have been put forward to link special drawing rights with development finance and alternative modalities discussed. The Pearson Commission (1969) considered that the developed countries could relinquish a part of their quotas in favour of the less developed countries. It is to be noted that, even if 10 per cent of the total amount thus made available for development were to be used for anti-desertification purposes, no more than 80 million special drawing rights could be expected.

(d) Common Fund for Commodities. The Common Fund is composed of two separate accounts. The first account would help to finance the buffer stocks of existing and new international commodity agreements. It is not intended as a source of international revenue and its capital stock is not an annual flow but a fixed

resource. The second account, with resources of \$350 million, can be replenished. Its programmes are expected to include research, marketing, development of commodity-processing and productivity improvement. Overall, the Common Fund is not regarded as a major source for additional resources for international development.

(e) International revenues from sea-bed mining. The seas constitute "global commons" and have long been regarded as a promising source of resources for the international community. In principle, three sources of potential revenues from mining beyond the 200-mile limit are identified by the United Nations Convention on the Law of the Sea:

- (i) Taxes ("shares of net proceeds") and royalties ("production charges") from exploitation of non-living sea-bed resources;
- (ii) Income from operations by the Enterprise (the operating arm of the International Sea-Bed Authority created by the Convention articles 136, 137);
- (iii) Payments and contributions in kind with respect to the exploitation of the continental shelf beyond 200 miles.

These, if implemented, could give a reasonable level of flow of resources to development activities, a certain percentage of which could be assigned to combating desertification.

(f) Taxes or "parking fees" for geostationary communications satellites. Geostationary earth satellites rotate in a unique orbital zone around the equator. Those satellites have been central to modern communications by transmitting signals for telephone, telegraph, teletype and facsimile systems for domestic, commercial, military, meteorological, maritime and other users. There is a limit to the number of such satellites that the orbit zone can accommodate. Although the 1966 Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies effectively rules out international taxation of satellites, the possibility of international taxes or charges for the use of geostationary parking slots is open. For the next decade or so, such taxation holds little promise as a substantial source of international revenue. Establishing the principle of international taxation of these geophysical resources would, however, be desirable before the possibility is pre-empted by national claims or other arrangements.

22. The group of high-level experts that prepared the 1981 study considered that the six mechanisms were feasible in principle, but that a more concrete examination of the particular modalities of each was indicated. In addition, while the mechanisms met the criteria of additionality, although to varying degrees, and of predictability as well, they differed in certain important aspects. These differences must be kept in mind while evaluating the concrete recommendations for their implementation. In the six years that have elapsed since the last study was completed, new data and information on the desertification process have come to light; the degradation of dry lands has further accelerated to critical proportions.

III. FURTHER CONSIDERATIONS

23. UNEP carried out a general assessment of progress in the implementation of the Plan of Action covering the seven-year period 1978-1984. While confirming the validity of the Plan of Action in respect of both action required to combat desertification and the universality of its impacts and causes, the findings of the assessment strongly indicated that in most regions of the developing world factors contributing to desertification had continued virtually unabated. The assessment showed that desertification had continued apace during the period and that the number of people affected had actually increased from 650 million in 1977, to 850 million in 1983. There had been some increase in the general awareness of the gravity of the desertification problem, but technical and financial planning and corrective measures had continued to lag behind in several important aspects. The widespread famine that ravaged the continent of Africa in 1983 and 1984 was a tragic manifestation of the deterioration of the food-producing systems. In view of the slow progress in implementation, the assessment concluded that the goal of stopping desertification by the year 2000, as envisaged in the Plan of Action, must be regarded as unattainable and that an additional 10 years should be allowed.

24. The report of the World Commission on Environment and Development (A/42/427, annex) recognizes "advancing deserts" as a principal aspect of degradation of the world resource base and concludes that progress on the Plan [of Action] has been hampered by lack of financial support from the international community, by inadequacies of the regional organizations established to respond to the regional nature of the problem, and by the lack of involvement of grass-roots communities.

25. The 1980 and 1983 reports of the Brandt Commission ^{1/} called for raising additional funds from more automatic sources. The World Commission on Environment and Development examined the need for new sources of revenue and automatic financing so as to increase the financial resources for actions for environmental protection and sustained development. The Commission's report lists revenue from international commons (oceans, sea bed, Antarctica, satellite orbits), taxes on international trade, a link between special drawing rights, and, IMF gold sales. The Commission particularly considers that the proposals regarding revenue from the use of international commons and natural resources now warrant and should receive serious consideration by Governments and the General Assembly.

26. A new review of the three expert studies on additional measures and means of financing the implementation of the Plan of Action to Combat Desertification led to the following conclusions:

1. National policies and action and regional co-ordination

27. One impediment to securing adequate funding for the Plan of Action is the lack of well-established, coherent national plans of action to combat desertification and established national policies to support them. In the affected countries, policy decisions must be made at the highest government levels to ensure that desertification control is an integral part of national development priorities aimed at a sustained increase in food production. Governments should also ensure the adequacy of national institutions for co-ordination and harmonization of

anti-desertification programmes and activities and for their proper integration into the national development priorities. It seems unlikely that the affected countries will be able to raise a substantive part of the sums needed to finance the Plan of Action without significant external assistance. Therefore, external assistance should be directed, among other objectives, to strengthen the capacity of the affected developing countries to address desertification problems systematically.

28. In analyses carried out by both donor and recipient Governments, other common conclusions emerged, namely:

(a) The need to approach desertification control in an integrated, multisectoral manner;

(b) That the low priority assigned to desertification by the affected Governments themselves is a serious impediment to desertification control;

(c) The necessity for desertification control activities and programmes to be focused on people affected and that people be made to participate actively in their formulation and implementation. This requires the initiation of relevant educational and public awareness-building programmes.

29. Another problem at the national level is the almost complete lack of a machinery to secure government-wide co-ordination of effort and to provide a coherent policy framework. At the regional level - which is very important because the desertification problem is often transnational in character - there is a need to institute or strengthen arrangements for co-operation and co-ordination.

2. Economic aspects

30. Analysis of activities implemented within the framework of the Plan of Action shows that only 20 per cent of investments is directed towards corrective measures. Most of the activities undertaken so far, while relevant to the Plan of Action, remain incidental to the primary task of arresting desertification as outlined in it. These activities, some of which are institutional, others political and yet others socio-cultural, must be looked into and appropriate improvements introduced if adequate, assessed and predictable funds are to be mobilized for the implementation of the Plan of Action. On the economic side, there is an important dimension as well.

31. While the compelling need for raising additional funds on a sustained, predictable and assured basis remains, it is imperative that the implementation of the Plan of Action be made more effective through the introduction of national plans of action to combat desertification and greater use of techniques of economic analysis in projects and programmes undertaken. Since the market process, valuable as it is, sometimes may not offer appropriate guidance for the solution of long-term problems and trends because it is based on short- and medium-term calculations, it is worthwhile to draw on arguments developed in modern public finance theory that point the way in which the public domain could interfere in market processes in order to safeguard overriding long-term interests.

32. Economic analysis has not been adequately applied to desertification problems and to the evaluation of projects and programmes designed for combating them. It is necessary to redress the balance. In applying economic analysis to desertification problems, it is worthwhile to proceed on a sequential basis, as follows:

(a) Identification of the direct and indirect causes of degradation in each situation. Degradation could be directly attributable to societal actions, or to other factors related to rural economies, the structure of commodity markets, land-use rights, population growth, income levels and distribution, and social and cultural values;

(b) Prediction and quantification of the impact of land-user behaviour and alternative public policies. This requires the collection of data and information on the economic significance of trends in degradation and options for rehabilitation;

(c) Application of economic assessment methodologies to establish policy priorities;

(d) Formulation of policies and recommendations for action that will lead to long-term sustainable production from dry lands. Economic assessment and planning could lead to the stoppage or slowing of desertification, better use made of existing land, and to degraded land being brought back into productive use. Broad policy initiatives must be translated into specific programmes and projects.

3. Financing the Plan of Action

33. While the implementation of the Plan of Action at the national level was the responsibility of national Governments, a means for mobilizing international sources to provide needed support was envisaged. These means included the establishment of the Consultative Group for Desertification Control, the Special Account, and means for mobilizing additional resources as described in the three studies referred to in General Assembly resolution 40/198 of 17 December 1985.

(a) Consultative Group for Desertification Control

34. The basic mandate of the Consultative Group for Desertification Control as stated in General Assembly resolution 32/172 of 19 December 1977, and as amended in resolution 33/89 of 15 December 1978, is to assist in mobilizing resources for the activities undertaken within the framework of implementing the Plan of Action and in ensuring proper co-ordination of the activities carried out with resources mobilized by the Group. This mandate was expanded by Assembly resolution 38/165 of 19 December 1983 to include information exchange on anti-desertification policies and programmes of its participants. It was again amended by Assembly resolution 39/168 A of 17 December 1984 to cover explicitly responsibility for advising the Executive Director on: the progress and effectiveness of activities implemented under the Plan of Action, identifying constraints and possible solutions to problems, taking account of relevant evaluations and case studies; programme priorities of the United Nations Environment Programme related to

problems of desertification; and measures required to improve implementation of the Plan of Action on a regional and world-wide basis.

35. The Consultative Group consists of co-sponsors, core members and certain donor countries, multilateral financing agencies and developing countries having a substantial interest in combating desertification. The Group held its first session at Nairobi from 2 to 5 July 1978 and has held five more sessions since then, the latest at Geneva from 24 to 27 May 1987. At those sessions, a wide spectrum of policy issues, as well as 74 projects, were considered by the Group.

36. A review of the work of the Consultative Group shows that progress achieved in the realization of its primary objective, i.e., to secure additional resources for projects presented to it, has been inadequate for the needs of the Plan of Action. Over a period of eight years (1978-1985), out of a total of 74 projects submitted to the Group, only 29 have been implemented either in part or in whole. The total secured funding is \$47.3 million, compared to a total cost of \$540.6 million for the 74 projects submitted to the Group. The work of the Consultative Group can be made more effective if its ability to raise additional resources for the implementation of the Plan of Action is enhanced. It will be useful in this connection to review some of the shortcomings in the present working of the Consultative Group:

(a) There are too many isolated, sectorial projects that do not fit into an anti-desertification plan, and too few integrated projects that fit into an anti-desertification strategy;

(b) Some projects focus too much on improving infrastructure only, without the participation of the people;

(c) Sometimes insufficient account is taken of existing projects in the region;

(d) There is insufficient awareness of country bureaux in donor administrations of the importance of anti-desertification projects.

37. The situation may also improve if the Consultative Group directs part of its effort towards securing financial support to projects presented to it not only from bilateral donors but also from multilateral financing institutions in view of the new, great emphasis placed on anti-desertification activities by organizations such as the United Nations Development Programme, the International Fund for Agricultural Development, the World Food Programme and lately by the new President of the World Bank.

(b) The Special Account

38. In his report to the General Assembly at its thirty-third session (A/33/117), the Secretary-General noted that "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". As at December 1986, seven years after it was

set up, the Special Account had received a total of \$US 176,886 in paid contributions from Australia, Chile, Mexico, Panama, Sierra Leone and the Sudan. This was short of the minimum needed to make it operational. In his report on the implementation of the Plan of Action to the Governing Council of UNEP at its fourteenth session, the Executive Director outlined a new two-pronged approach to making the Account an effective mechanism for financing the implementation of the Plan of Action:

(a) Recipient Governments, especially those which developed national plans of action to combat desertification, should set aside a specific percentage of (a) their national budgetary resources and (b) external aid resources - from the Special Account and other sources - for the implementation of anti-desertification programmes (national account for desertification control):

(b) The donor community (estimated bilateral development assistance of about \$17 billion per year) should earmark a specific percentage (probably 1 per cent) for the implementation of the Plan of Action to Combat Desertification, and directly to the Special Account. About 80-90 per cent of those resources will be used to support the implementation of national plans of action to combat desertification.

39. The Executive Director further suggested that the United Nations Special Account would keep records of national and international financial support to action combat desertification (receipts and disbursements).

40. The UNEP Governing Council, in section D of its decision 14/15 of 18 June 1987, requested the Executive Director to discuss with Governments the feasibility of adopting a new and realistic approach which would encourage them and international financing institutions to contribute directly or indirectly to the Special Account to finance the implementation of the Plan of Action to Combat Desertification, as recommended in his report to the Governing Council.

(c) Additional measures and means of financing the Plan of Action

41. Under the prevalent system, the resources available to Governments of countries menaced by desertification are apportioned under pressures of immediate and short-term needs. Governments seem unable to give priority to such long-term, serious issues as desertification, or to programmes with long gestation periods, such as anti-desertification activities. And the bilateral and multilateral aid do not seem capable of electing such long-term ventures for at least part of their donated resources. This imbalance can be corrected by political decisions that identify the combating of desertification and development of resources in arid and semi-arid territories as integral parts of national development schemes and hence eligible to receive their share of national and aid resources.

42. The search for an adequate, assured and predictable flow of funds for the implementation of the Plan of Action forms a continuum - the identification of mechanisms and modalities that satisfy the two criteria of additionality and predictability. The search for appropriate mechanisms and modalities cannot be separated from a thorough analysis of the underlying causes of the lack of resources. In the process, a number of new perceptions have emerged, new means of

international finance have been evaluated, and certain basic conclusions accepted. One of these conclusions is that it is not the technical feasibility of some of the proposals that is at issue, but the political will - nationally and internationally - to deal with environmental problems of great magnitude and urgency, such as the spread of desertification. The question is how the political will can be shaped in a more integrated and constructive approach.

43. On the technical side, as a result of the integration of national plans of action to combat desertification into overall development strategies, and the more systematic application of economic analysis to dry-lands rehabilitation programmes, it is possible to envisage (a) greater mobilization of domestic resources through a number of fiscal and financial measures, more efficient administration and new organizational arrangements, such as joint enterprises to raise cash crops suitable for areas with limited rainfall for anti-desertification work; (b) a higher percentage of multilateral/bilateral grants and loans on a concessionary basis to poorer countries suffering from desertification; (c) more systematic and sustained efforts by the World Bank, the regional development banks and other multilateral financing institutions to act as intermediary for the developing countries affected by desertification to enable them to gain access to international capital markets on concessionary terms; (d) additional and more positive consideration by member Governments to the creation of a public international corporation for financing anti-desertification programmes, and in this connection, member Governments with international account surplus may well consider providing the corporation with equity funds; (e) member countries that have foundations and charitable organizations may also wish to offer them encouragement through tax rebates and other fiscal and financial incentives to channel increasing funds to training and research in anti-desertification programmes. The effort to involve foundations deserves renewed approaches using personal consultations and involving foundation personnel in planning activities related to implementation of the Plan of Action.

44. The establishment of a public international corporation seems timely and opportune. It could be chartered independently by a group of interested Governments. In such a case, a governing board of directors would maintain a balance between the needs of recipient countries and the interests of donor Governments. It could alternatively be established as an affiliate of an existing multilateral institution or a consortium of development banks.

45. There are also certain other factors that must be kept in mind. The different financial mechanisms considered under "additional measures" are unlikely to materialize or move towards implementation simultaneously, or perhaps even in any predictable sequence. These mechanisms may overlap internally in the sense that governmental agreement to any one of them may exclude consensus on some or all of the others. In addition, an agreement on the part of Governments to join in implementing some of the measures proposed may be at the cost of a slow-down in real terms, if not actual reductions, in other bilateral or other assistance programmes. Lastly, the predictability, which represents an indispensable element of the type of long-term programming envisaged in this report, must likewise remain subject, even in a domestic context, to a measure of political and economic uncertainty over the entire 20-year planning span. Yet it is imperative that a start should not again be delayed.

IV. CONCLUSIONS

46. The assessment carried out by UNEP of the status of desertification in 1984 showed that desertification-prone areas were not confined to arid and semi-arid regions and that extensive stretches of sub-humid tropics were also threatened. The total areas prone to desertification covered 4,500 million hectares (35 per cent of the earth's land surface). The area of lands that was at least moderately damaged included 3,100 million hectares of rangelands; 335 million hectares of rain-fed croplands; and 40 million hectares of irrigated farmlands. As stated earlier, human populations in these territories were more than 850 million (as compared to 650 million in 1977).

47. In dealing with complex and pervasive global problems, time is of the essence. This is the test by which the implementation and financing of the Plan of Action is to be judged. The cycle of causation in the process of desertification becomes increasingly intractable and more costly to break as time goes on. If left unabated, desertification will lead to a very significant degradation of life-sustaining ecological systems and will spread abject poverty and loss of human life. The economic benefits of controlling desertification are estimated to be definitely on the positive side. It is thus of great importance that ways and means be explored that can shape more favourable conditions leading to a greater readiness to provide additional and predictable means at a level of approximately \$1.8 billion per year for a period of 20 years to stop effectively this globally devastating menace.

48. It is worthwhile to note in this connection that, even in today's climate of economic down swing, enlightened self-interest would indicate that problems such as desertification affected the interests of all countries through multiplier effects, such as global aid and trade flows, food shortages and recurring famines, social upheavals, political unrest and, above all, negative impact on world resources and recovery.

49. It is therefore useful that the armoury of weapons to raise funds, as has been described in the three studies, should remain at the disposal of the international community, so as to ensure that, under more favourable conditions, additional sources will never be lacking because of ignorance about the techniques to be used.

50. It should also be noted that in the presentation of the different proposals reviewed in the present report, particularly when it refers to international revenue taxes, there are no a priori assumptions regarding the ushering in of a world Government with powers of taxation. All these proposed measures have to be examined in the context of the existing international political order.

51. The General Assembly must take concrete decisions at its forty-second session regarding measures to combat desertification and the implementation of the United Nations Plan of Action in this respect. It must also play a central role in bringing these problems and their possible solutions to the attention of not only the member Governments but also of the other key elements, such as the multilateral development financing institutions, international agencies, governmental and non-governmental organizations, private foundations and research institutions, so

that they can take the necessary decisions to raise the required funds before the process of desertification further destroys fertile land and overpowers human efforts to contain it.

52. The decisions and recommendations of the General Assembly should address actions at the national and regional levels, as well as the issues pertaining to the financing of the Plan of Action to Combat Desertification, namely, (a) the Special Account; (b) the machinery of the Consultative Group for Desertification Control; (c) the establishment of an international public corporation; and (d) selecting and acting on any other most likely means for raising additional, predictable and assured resources for financing the Plan of Action.

Notes

1/ Independent Commission on International Development Issues, North-South: A Programme for Survival (London, Pan Books, 1980) and Common Crisis, North-South: Co-operation for World Recovery (London, Pan Books, 1983).

ANNEX

High-level officials and experts consulted by the Executive
Director of the United Nations Environment Programme in the
preparation of his study

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