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MANAGEMENT OF TRUST FUNDS AND OTHER FUNDS

Report of the Executive Director

INTRODUCTION

1. At its ninth session the Governing Council approved the continuation or the establishment of a number of trust funds under chapter II, article V, of the general procedures governing the operations of the Environment Fund, 1/ and other funds have been established under other decisions at other times. Events occurring in relation to each of these funds since the Executive Director last reported to the Governing Council 2/ are described in this report; details of income and expenditure in respect of each fund will be given in the financial report and accounts (unaudited) of the Environment Fund for the biennium 1980-1981 (UNEP/GC.10/L.1).

I. TRUST FUNDS

A. The Regional Trust Fund for the Protection and Development of the Marine Environment and Coastal Areas of Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates

2. When, at its ninth session, the Governing Council approved the continuation of this Trust Fund until 31 December 1981, 3/ it was expected that by that time, the regional organization would have established its own trust fund and that any residual assets in the United Nations Trust Fund would have been transferred to the new fund. However, in October 1981, the Chairman of the Executive Committee of the parties to the Convention requested the Executive Director to continue to provide technical support to the new regional organization for a further two years, and after consultation with the Office of Financial Services, the Trust Fund was extended for a further two years until 31 December 1983. A new Trust Fund project has been approved to cover the full costs of the technical support

1/ Decision 9/26.

2/ UNEP/GC.9/10/Add.6 and UNEP/GC.9/9.

3/ Decision 9/26, para. 1 (a).

requested; no part of the costs of these activities will fall on the Fund of UNEP. Funds held by UNEP in the Trust Fund which were not required for this support project have been paid to the new regional organization in accordance with a request from its Executive Committee.

B. The Trust Fund for the Protection of the Mediterranean Sea against Pollution

3. When the Governing Council approved the continuation of this Trust Fund until 31 December 1982, 4/ it was expected that by then the parties to the Barcelona Convention would have established and themselves be managing a fund to finance the Mediterranean Action Plan. The seat of the Co-ordination Unit of the Action Plan is expected to move shortly from Geneva to Athens under an agreement signed between United Nations and the Government of Greece, but this will be an interim arrangement pending the establishment of a more permanent seat by the parties. The Executive Director has not yet been advised what those permanent arrangements will be, but an intergovernmental meeting of the parties is expected to take place in March 1982, when decisions on this matter will be taken. Since he has not been advised otherwise, the Executive Director is planning to close the Trust Fund at the end of 1982; he hopes to be able to confirm this at the time of the tenth session of the Governing Council.

4. The management of this Trust Fund by UNEP, and therefore the implementation of the Action Plan, has been complicated by continual delays in the payment of contributions by some of the parties.

C. The Trust Fund for the Convention on International Trade in Endangered Species of Wild Fauna and Flora

5. At its ninth session, the Governing Council approved the extension of this Trust Fund until 31 December 1983. 5/ No further intergovernmental meetings have been held in connection with this Trust Fund. The funding of the secretariat of the Convention, which is the purpose of the Trust Fund, has proved extremely difficult in the last year due to delays in payment of agreed contributions by a number of the parties. Payment of contributions to the Trust Fund must be made at the beginning of the year to which they relate if the budget for the year, approved by the parties, is to be implemented. Since this was not achieved, the secretariat of the Convention has had to operate within a lower budget than agreed.

D. Trust Fund for the Protection and Development of the Marine Environment and the Coastal Areas of the West and Central African Region

6. At its ninth session, the Governing Council approved the establishment of this Trust Fund for an initial period of two years extending to 31 December 1983, subject to the consent of the Secretary-General. 6/ The Secretary-General gave his consent in November 1981, subject to there being no financial implications for the regular budget of the United Nations.

4/ Ibid., para. 1 (b).

5/ Ibid., para. 1 (c).

6/ Ibid., para. 1 (d).

7. No contributions to this Trust Fund have yet been received and, in accordance with the terms of reference, no commitments can be incurred until a minimum of \$250,000 has been contributed to the Fund. However, activities financed from the Trust Fund are expected to be in 1982.

E. Regional Trust Fund for the Implementation of the Action Plan for the Caribbean Environment Programme

8. The establishment of this Trust Fund for an initial period of two years extending to 31 December 1983 was approved, subject to the consent of the Secretary-General, by the Governing Council at its ninth session. ^{7/} This consent was given in November 1981. The first meeting of the Monitoring Committee was held in New York in December 1981 when terms of reference for the management of the Trust Fund were adopted.

9. No contributions to the Trust Fund had been received by 31 December 1981 and no commitments have been entered into, since this is only permitted under the terms of reference when contributions amounting to \$250,000 have been received. However, it is expected that Trust Fund-financed activities will be initiated in 1982.

F. Regional Trust Fund for the Implementation of the Action Plan for the Protection and Development of the Marine Environment and Coastal Areas of the East Asian Seas

10. At its ninth session the Governing Council approved the establishment of this Trust Fund for an initial period of two years extending to 31 December 1983, subject to the consent of the Secretary-General. ^{8/} The Secretary-General confirmed his consent in November 1981 and an intergovernmental meeting held in Bangkok in December 1981 approved terms of reference for the Trust Fund.

11. No contributions to the Trust Fund had been received by 31 December 1981 and no commitments had been entered into since this is only permitted, under the terms of reference, when contributions amounting to \$50,000 have been received. It is, however, expected that Trust Fund-financed activities will be initiated in 1982.

G. Trust Fund for Regional Training Workshops on Environmental Management

12. At its last session, the Governing Council noted that the Secretary-General had given his consent to the establishment of a special purpose Trust Fund for Regional Training Workshops on Environmental Management, with particular reference to the pulp and paper industry. ^{9/} The income of the Trust Fund was to be derived entirely from contributions made by the Swedish International Development Authority (SIDA). The first such contribution totalling \$160,356 was received in October 1981, and planning was thus able to go ahead for the first workshops, which are to be held in New Delhi in February 1982 and Manila in March 1982. Once a second payment to the Trust Fund is received, planning will be initiated for additional workshops to be held in Dakar, Nairobi and Mexico City, with others to be held later in Brazil and West Asia.

^{7/} Ibid., para. 1 (e).

^{8/} Ibid., para. 1 (f).

^{9/} Ibid., eighth preambular para.

H. Special purpose Trust Fund for the Government of Denmark's agreement with UNEP for the provision of junior professional officers

13. During 1981, UNEP entered into an agreement with the Danish International Development Agency (DANIDA) under which DANIDA provides funds for a Trust Fund approved by the Secretary-General to finance the appointment by UNEP of Danish junior professional officers. The administration of the Trust Fund was delegated by the Secretary-General to the Executive Director. One Danish junior professional officer has been appointed by UNEP under this scheme and all costs in connection with this officer are charged to the Trust Fund.

14. A similar arrangement has also been under discussion for some time with the Government of Norway and although the Secretary-General has not yet formally delegated his responsibility for administering the scheme to the Executive Director, the first contribution has been received in UNEP. This income will be reflected in the accounts of the trust funds in the financial report and accounts (unaudited) of the Environment Fund (UNEP/GC.10/L.1).

II. OTHER FUNDS

A. Special Account for financing the implementation of the Plan of Action to Combat Desertification

15. The Special Account for financing the implementation of the Plan of Action to Combat Desertification was established by the General Assembly in December 1978 by resolution 33/116, Part C, section IX. The Executive Director was authorized by the Secretary-General to accept pledges of contributions to the Account, to review and approve cost plans, and to allocate and allot funds. The response of Governments in the form of contributions to the Account has, however, been disappointing. Only three Governments, Chile, Sudan and Mexico, have pledged and paid contributions to the Account, comprising a total income of \$25,000. Two other countries, Brazil and Bangladesh, have indicated a willingness to contribute, but have not yet specified an amount.

B. The Revolving Fund (Information)

16. Although neither a trust fund nor a special account, the Revolving Fund (Information) is a fund, separate from the Environment Fund, for which the Executive Director is responsible. At the Governing Council's ninth session, the Executive Director reported that he had amended the rules governing the use of the Revolving Fund to make it clear that the Fund should receive all revenues earned by UNEP from information materials, whether or not such materials were financed in whole or in part from the Revolving Fund, and that it should pay for such part of the cost of producing such information materials as might reasonably be expected to be earned by them for the Revolving Fund. 10/

17. These changes in the Revolving Fund's rules have facilitated greater use of the Fund in 1981, as can be seen from the following:

	<u>Income</u>	<u>Expenditure</u>
	\$	\$
1975	-	12,800
1976	330	1,585
1977	2,362	-
1978	6,878	-
1979	7,080	15,595
1980	24,000	32,147
1981 <u>a/</u>	32,215	45,707

a/ 1981 figures must be regarded as preliminary. The final accounts (unaudited) for the year will be set out in document UNEP/GC.10/L.1.

Annual deficits have been financed from the original endowment of \$100,000, which was reconstituted at a level of \$200,000 on 1 January 1979. 11/

III. SUGGESTED ACTION BY THE GOVERNING COUNCIL

18. The Governing Council may wish to consider a decision along the following lines, the final text of which will be incorporated in the decision on the management of the Fund: 12/

The Governing Council

1. Notes the report of the Executive Director on the management of trust funds and other funds;

2. Approves the continuation of the Trust Fund for the Protection and Development of the Marine Environment and the Coastal Areas of Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates until 31 December 1983;

3. Urges Governments once more to pay their contributions to the trust funds promptly at the beginning of the calendar year to which the contribution applies.

11/ Decision 6/13, Sect. A, para. 6.

12/ See UNEP/GC.10/11, sect. VII, para. 32.