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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION: ENVIRONMENT

Financing the Plan of Action to Combat Desertification

Report of the Secretary-General

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I. INTRODUCTION

1. The present report is submitted in response to paragraph 5 of General Assembly resolution 36/191 of 17 December 1981. In that resolution the Assembly addressed issues related to financing the Plan of Action to Combat Desertification.

2. The United Nations Conference on Desertification, held at Nairobi from 29 August to 9 September 1977, adopted a Plan of Action to Combat Desertification (A/CONF.74/36, chap. I) and the modalities for financing it. In its resolution 32/172 of 19 December 1977, the General Assembly approved the Plan and invited the Governing Council of the United Nations Environment Programme (UNEP) to have a study prepared on additional measures for its financing, including fiscal measures entailing automaticity. The study was submitted through the Economic and Social Council to the Assembly at its thirty-third session (A/33/260). In its resolution 33/89 of 15 December 1978, the Assembly requested the Secretary-General to obtain the views of Member States on the study and to report to it at its thirty-fourth session.

3. The Secretary-General submitted the requested report (A/34/575) to the General Assembly at its thirty-fourth session. In its resolution 34/184 of 18 December 1979, the Assembly expressed concern over the lack of adequate financial resources for implementing the Plan of Action and requested the Secretary-General, in consultation with the Governing Council of UNEP, to submit to the Assembly at its thirty-fifth session a report, based on a study prepared by a group of high-level specialists in international financing to be convened by the Executive Director of UNEP, to include specifically the following:

(a) An inventory of new means of financing involving automaticity proposed in the United Nations system;

(b) A financial plan and analysis outlining the components and costs of a programme for combating desertification, identifying what is already being financed and what additional resources may be required;

(c) Analyses and recommendations for mobilizing the resources required under the financial plan.

4. The study was presented to the General Assembly at its thirty-fifth session (A/35/396, annex). In resolution 35/73 of 5 December 1980, the Assembly, inter alia, noted with concern the constraints on the implementation of the Plan of Action, particularly the problem of insufficient financing and the increasing demands on the scarce resources of countries suffering from desertification; and further requested the Secretary-General to prepare, in consultation with UNEP and with the assistance of a group of high-level experts in financing to be convened by the Executive Director of UNEP, a report on:

(a) 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;

(b) The detailed modalities of obtaining resources on a concessionary basis;

(c) A full feasibility study and working plan for the establishment of an independent operational financial corporation for the financing of desertification projects.

5. The study, prepared by a group of high-level experts, was presented to the General Assembly in its thirty-sixth session (A/36/141, annex). In its resolution 36/191 of 17 December 1981, the General Assembly took note of the study and requested the Secretary-General to obtain the views of Member States on the feasibility studies and concrete recommendations for the implementation of the additional measures of financing deemed practicable by the Secretary-General, and also on the modalities for obtaining financial resources described in the report of the Secretary-General. It also requested the Secretary-General, in co-operation with the Executive Director of UNEP, to obtain the views of Member States on establishment of an independent corporation for financing desertification-control projects on the basis of the plan presented in the annex to the report of the Secretary-General and also to ascertain the views of Governments as to their interest in participating financially therein. The General Assembly further requested the Secretary-General to report to it on the implementation of resolution 36/191 at its thirty-seventh session.

6. On 30 March 1982, the Secretary-General sent a note verbale to the Permanent Representatives of all Member States seeking their views on the points referred to in resolution 36/191. By 31 August 1982, replies had been received from 14 Governments: five replies (Burma, El Salvador, Finland, Pakistan and Senegal) were acknowledgements of receipt of the note verbale. One reply indicated that the Mexican Government would not be able to contribute financially to the proposed independent corporation for the financing of desertification-control projects. Eight replies (Austria, Ethiopia, France, Germany, Federal Republic of, Italy, Norway, Sweden and the United States of America) included substantive comments on additional measures of financing and the possibility of establishing an independent corporation.

II. REPLIES RECEIVED FROM GOVERNMENTS

7. The substantive parts of the replies received from the eight Governments mentioned above are reproduced below.

AUSTRIA

[Original: English]

[9 August 1982]

The Austrian Government is fully aware that the economic performance of many developing countries is severely affected by climatic and geographic factors hostile to development. In this context the need to put a halt to the advance of the desert is certainly of paramount importance to many States, especially in sub-Saharan Africa. Austria holds the view that desertification control projects should be financed by existing financial institutions and funds in order to achieve greater cohesion of operational development activities and with a view to avoid a further diffusion of scarce financial resources. Should Austria decide to participate in desertification control projects, it would prefer participation in specific projects rather than contribution to a new centralized funding mechanism.

ETHIOPIA

[Original: English]

[20 July 1982]

1. The study discusses various modalities for obtaining financial funds. The tax rate of 0.1 per cent on world trade may not result in a decrease in the volume of trade or an increase in general inflation. The advantage of this approach is that, while it allows an increase in the tax rate on the one hand, the recommended 10 per cent of this revenue available to combat desertification can be raised as well.
2. Our opinion is that exempting the trade of the lowest income countries from being levied is quite equitable.
3. Deep sea-bed mining is considered the potential source of financing projects of international interests. On this ground, the levy on sea-bed mining is perfectly justifiable. This may refer to the geo-stationary orbital positions too.
4. We support the idea that the anti-desertification institution could utilize the callable capital of the World Bank.
5. The establishment of an independent financial corporation for the financing of desertification projects is justified. To manage the business of the corporation, a board of directors selected from different geographical groupings of the international community is needed. We support the view that all States Members of the United Nations should be encouraged to contribute towards the interest-free resources of the corporation.

FRANCE

[Original: French]

[26 April 1982]

1. During the discussions on this item at the last session of the General Assembly, the French delegation had an opportunity to express its serious reservations regarding the measures suggested by the study. They are unrealistic and often contradictory, and their implementation, because of the economic repercussions which it would entail, would ultimately have a negative impact on the countries which they are intended to assist (taxation of commodities, international trade and raw materials, etc.). Furthermore, an international system of taxation would come up against legal obstacles and would also derogate from the sovereign right of States with regard to fiscal matters.
2. Since the final text of document A/36/141 does not differ significantly from the draft which was submitted to us in New York, the French delegation deeply regrets that it can only confirm the reservations which it has already stated.

GERMANY, FEDERAL REPUBLIC OF

[Original: English]

[30 August 1982]

1. The Government of the Federal Republic of Germany wishes to reaffirm its adherence to the principle of voluntarily financing United Nations projects. It cannot accept a departure from that principle (compare, however, A/36/141, para. 26). In particular, the Government of the Federal Republic of Germany cannot agree to the idea of levying international taxes and duties, nor can it accept that the decision-making process of other United Nations organs (inter alia, the International Monetary Fund and the World Bank) should be hampered.
2. The Federal German Government is opposed to creating new interational entities and funds which inflate administrative costs and thus diminish the resources for operative purposes. For this reason, it could not agree to establishing the special account for implementing the Plan of Action to Combat Desertification adopted by the United Nations Conference on Desertification, nor to the proposed establishment of an independent corporation for the financing of desertification-control projects.
3. The Federal German Government holds the opinion that the most appropriate means to deal with the problem of combating desertification is co-ordinated bilateral aid. It is for this reason that the Federal Republic of Germany is co-operating in the United Nations Sudano-Sahelian Office and in desertification-control projects in an efficient and successful manner.

ITALY

[Original: English]

[30 July 1982]

1. The Permanent Representative of Italy wishes to draw attention to the explanation of vote delivered by the Representative of the United Kingdom on behalf of the Member States of the European Community after the adoption of draft resolution A/C.2/36/L.110* by the Second Committee on 27 November 1981. His statement, inter alia, reads as follows: "We will study the proposals of the Secretary-General's report carefully and intend to submit detailed comments thereon. We attach importance to anti-desertification programmes and will continue to contribute on a voluntary basis through existing bilateral and multilateral channels."

2. Italy has given high priority to the fight against desertification and has contributed to the financing of several projects carried out by international organizations, especially through the United Nations Sudano-Sahelian Office.

3. With regard to the specific proposals contained in paragraphs 13 and 17 of the report of the Secretary-General (A/36/141, sect. III B), Italy fully realizes the need to finance the implementation of the Plan of Action to Combat Desertification, but the modalities described in the report do not seem acceptable to the extent that assessed contributions and means of international taxation would be required.

4. As for the establishment of an independent corporation for the financing of the desertification-control projects, in Italy's view the purpose of an anti-desertification programme would be better served by means of strengthening co-operation and improving co-ordination among the relevant international organizations than through the creation of a new body.

NORWAY

[Original: English]

[18 May 1982]

1. The question of additional measures of financing such as international taxation of trade flows, International Monetary Fund gold sales, links between special drawing rights and development finance, taxes or "parking fees" from geo-stationary satellites, international revenues from sea-bed mining and the Common Fund for Commodities must be seen in a much wider context than financing for combating desertification. The Norwegian Government therefore deems it inappropriate to comment on the above proposals in this context.

* Subsequently adopted by the General Assembly on 17 December 1981 as resolution 36/191.

2. With respect to the question of establishing an independent corporation for financing desertification-control projects, it is the view of the Norwegian Government that existing financial institutions, such as the World Bank, the International Development Association, the regional development banks, the International Fund for Agricultural Development, the United Nations Development Programme, the United Nations Sudano-Sahelian Office, etc., have the necessary mandates to finance desertification-control projects. Norway is a large contributor to most of the above international organizations. The Norwegian Government cannot see that there is adequate justification for the establishment of a new specialized financial institution.

SWEDEN

[Original: English]

[24 May 1982]

1. The Swedish Government is aware of the need to strengthen resources to combat desertification. That is one of the reasons why Sweden in its bilateral assistance programme has established a special allocation for soil conservation.

2. Additional measures within the multilateral context should, in our opinion, be undertaken through existing organs. It should be possible to use existing resources more efficiently in favour of desertification-control projects, which require integrated development planning. Sweden has supported efforts to increase funds available to the United Nations Environment Programme to enable it to assist the developing countries in efforts to protect their environment and natural resources, i.e. increased activities for combating desertification.

3. As regards an independent corporation for the financing of desertification-control projects, the Swedish Government is not at present in a position to contribute financially.

4. As regards automatic transfer of resources from developed to developing countries, it has for some time been the view of the Swedish Government that possible arrangements should be discussed seriously on the basis of the need to create conditions for stable resource flows. At the same time, the Swedish Government wishes to emphasize particularly the need and the importance of a general increase in official development assistance flows, also through multilateral institutions, which would make more resources available also for action to combat desertification.

UNITED STATES OF AMERICA

[Original: English]

[25 August 1982]

1. The United States does not support any of the six measures for obtaining additional financing for the Plan of Action to Combat Desertification, namely (a) international taxation of trade flows; (b) International Monetary Fund gold sales and trust fund reflows; (c) special links between special drawing rights and development finance; (d) taxes on geo-stationary satellites; (e) international revenues from sea-bed mining; and (f) a common fund for commodities, contained in section III A of the report (A/36/141). Each of these plans would impose substantial costs, even if these costs are hidden, as the price of generating revenue for desertification. Moreover, these measures would be costly to administer, especially proposal (a), international trade taxation, and it would be extremely difficult to reach international agreement on the modalities of their implementation because the costs would be borne by only a very small number of States, as in proposal (d) on taxes on satellites, or would reduce resources available for developing countries not facing desertification, as in proposals for drawing on International Monetary Fund (IMF) resources.
2. With regard to the modalities for obtaining financial resources for financing concessionary loans, as contained in paragraphs 13 to 17 of the report (sect. III B), the United States is neither in a position to provide supporting guarantees to subsidize the costs of commercial borrowing from private capital markets, nor would it support the costly recommendation of establishing an independent institution to manage such borrowing. Moreover, sales of IMF gold stock to finance guarantees of low-interest loans constitutes an inappropriate use of IMF resources.
3. Establishing an independent corporation, which increases the number of international organizations dealing with desertification and which can only draw scarce resources from existing multilateral and bilateral programmes, is not an optimal approach. The particular proposal in this report, requiring \$500 million in contributions annually is, moreover, completely unrealistic. We question, however, why the terms of contributions from the Council of Mutual Economic Assistance and the Organization of Petroleum Exporting Countries are left "to be negotiated", while for countries of the Organization for Economic Co-operation and Development, specific sums are pre-set without negotiation or consultations with Governments.
4. The United States continues its strong support for anti-desertification efforts. We will continue our extensive bilateral programmes to combat desertification, which we recognize to be one of the major problems confronting a large portion of the developing world. The proposals contained in this report, however, are simply too unrealistic to be supported by the United States Government.

III. CONCLUSION

8. The very limited number of replies received from Governments, as requested by the General Assembly in paragraphs 3 and 4 of its resolution 36/191, did not allow the preparation of a comprehensive report on the views of the Member States of the United Nations on financing the Plan of Action to Combat Desertification. The General Assembly may wish further to urge Governments to consider the report presented by the Secretary-General to the Assembly (A/36/141) and the study contained in its annex and to communicate to the Secretary-General, not later than the end of March 1983, their views on the studies, recommendations and proposals contained therein. On the basis of a sufficiently extensive set of replies, the Secretary-General would be able to prepare a more substantial report as called for in paragraph 5 of resolution 36/191. This should assist the Assembly in taking appropriate action on this subject.
