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INTRODUCTORY REPORT OF THE EXECUTIVE DIRECTOR

INTRODUCTION

1. The two years since the fourteenth session of the Governing Council have seen a dramatic increase in concern for the environment. This concern has moved beyond the traditional environmental constituency, and the environment has become a major issue for people and policy makers at all levels. From non-aligned summits, meetings of heads of Governments of the industrialized countries, and sessions of the General Assembly of the United Nations, to name only a few events, the call goes forth to deal effectively with, anticipate and prevent, threats to the environment.
2. At the forty-third session of the United Nations General Assembly, environment has been a prominent item in both plenary meetings and the Main Committees. Issues high on the agenda included climate change and global warming, environmental security, hazardous wastes, and the broad topic of environmentally sound and sustainable development, particularly as it had been reflected in the Environmental Perspective to the Year 2000 and Beyond and the report of the World Commission on Environment and Development. Information on developments in the Economic and Social Council and the General Assembly since the last session of the Governing Council is provided in the Executive Director's report on follow-up of relevant resolutions of the forty-second and forty-third sessions of the General Assembly (UNEP/GC.15/6 and Add.1-5). At the same time, the World Bank and the United Nations Development Programme, two key members of the United Nations family involved in financing and development, are paying more and more attention to the environmental dimension of development. In addition, many Governments are demonstrating greater concern about environmental issues: Canada, Federal Republic of Germany, Japan, India, the Netherlands, Senegal and the United Kingdom, among others, have hosted or will be hosting major gatherings in 1989 to address environmental problems.
3. The quickening pace of environmental degradation is increasingly sensed in some of the key issues coming to the fore. It is now clear that the future well-being of the human race, its security on this planet, depends on

minimizing and managing with the negative environmental impacts of human activities, whether they result from industrial pollution or the pollution of poverty. The relationship between environmental issues and their management and national and international security is now a given.

4. UNEP has played a major role in developing the new consciousness, not least by bringing about the base of knowledge and assessment which have lent serious substance to these concerns, and by reaching out beyond the constituency of the committed. The realization of the need for international action on these and other overarching issues which transcend sectors and frontiers has grown. There is a new confidence in UNEP, and greatly increased requirements for further action by UNEP. However, UNEP's resources in real terms continue to diminish.

#### I. KEY ISSUES IN FOCUS

5. The Executive Director is convinced that in the next year or so, the international community has the best opportunity ever of taking effective action towards solving environmental problems. It now faces the challenge of delivering what is needed. Since not everything can be done at once, it is necessary to consider how efforts should be concentrated and how best to organize nationally and internationally to take effective action.

6. The Executive Director considers that the need now is to focus efforts upon a certain number of key issues, which by their intrinsic importance, their urgency, the opportunities they present for successful action, and their broad interlinkages with the gamut of global environmental concerns, have a pivotal role to play in meeting those concerns. The issues are:

- (a) Atmospheric issues - essentially climate change and global warming, ozone-layer depletion and acid rain;
- (b) Fresh water - supply and quality;
- (c) Oceans and coastal areas - pollution and coastal-zone management;
- (d) Land degradation, including desertification;
- (e) Impoverishment of biological diversity, including deforestation, particularly of tropical forests;
- (f) Hazardous wastes and toxic chemicals.

7. The Executive Director is aware that the relative importance that any one country might attach to each of these issues would depend upon its particular environmental, social and economic circumstances. Thus, the developing countries might feel that problems affecting day-to-day life, such as desertification and deforestation, are the most important. In countries that do not suffer from those problems, the longer-term impact of climate change or ozone depletion might be considered as more important. These differences notwithstanding, the Executive Director considers that action should be taken on all the issues mentioned above.

8. Within the above list, priorities could possibly be ascribed to:
- (a) Climate change;
  - (b) Depletion of the ozone layer;
  - (c) Management of shared freshwater resources;
  - (d) Control of pollution in regional seas and proper management of their coastal areas;
  - (e) Halting desertification;
  - (f) Conservation of biological diversity and tropical forests;
  - (g) Problems associated with the management and movement of hazardous wastes and with international trade in potentially toxic chemicals.

9. The approach to dealing with the issues cannot be uniform. While they all have global significance, the best way of tackling them could be at the global level in some instances, and on a regional basis in others. It is, however, important to ensure that, regardless of its geographical scope, environmental action is undertaken within the context of population growth, poverty and current international economic relations, without, of course, spreading beyond environment as such. Whatever the nature of the approach, however, the action is ultimately at the national level.

10. Environmental action, including international agreements, should be based upon adequate scientific information and understanding, but it is completely unacceptable to use the absence of absolute scientific certainty as an excuse for inaction. Several areas are sufficiently mature that intense action could be taken now.

## II. NATURE OF UNEP'S ROLE

11. Bearing in mind that UNEP should not be an operational body, UNEP's role, may usefully be characterized by four "Cs", conceptualization, co-ordination, catalysis and codification.

12. Conceptualization means the identification of the nature of the problem and its magnitude and developing co-operative plans to be implemented at the global, regional or subregional levels by the countries concerned. Codification means establishing forums for Governments to reach agreements, in the form of regional or global treaties, on what they could do together to deal with given problems. This of course necessitates reliance on monitoring and assessment of what is happening to the environment. Co-ordination and catalysis are well known. There can be no effective catalysis and co-ordination if UNEP does not have the means to develop on a continuous basis and bring effectively to bear an articulate concept of what is happening to the environment and what action needs to be taken. The idea of action should include standard-setting.

13. The actual mechanism for co-ordination, the Designated Officials for Environmental Matters (DOEM), needs thorough consideration. UNEP's ideas on using DOEM and providing secretariat services to this inter-agency mechanism have been innovative, but require review. One strength of DOEM lay in the collegial commitment many members developed through participation in the Stockholm process and in the early days of UNEP. This collegial spirit has to be re-created and a way found to give an intersectoral frame of reference or dimension to new entrants. The DOEM mechanism should be seen as a fundamental, ongoing exercise which needs continual nourishment. And that requires resources. DOEM should also be helped to develop a greater level of commitment to the process of the system-wide medium-term environment programme.

14. With the "4 Cs" as the framework for all UNEP actions, stress could be laid on the following priority functions:

(a) Dissemination of information to help raise public and political awareness and develop understanding especially in developing countries;

(b) Technical co-operation with developing countries, on request, through the provision of information and advice in preparing programmes or projects for dealing with specific problems. In other words, helping with the planning of environmental activities within the broader context of development and with due regard for the problems of population growth and poverty. This is considered to be at the heart of UNEP's role. In view of the great demand for this sort of co-operation, there is concern about the very limited resources available to UNEP to perform this function in a satisfactory way. While the implementation of programmes or projects designed and prepared with UNEP's support and advice should not be UNEP's responsibility, UNEP can help in raising needed funds from outside sources through its clearing-house mechanism;

(c) The need to help improve national environmental machinery, and assist it to play its rôle more effectively in the structure of government. The provision of information by UNEP, whether generated by UNEP or culled from elsewhere, particularly in the areas of national legislation, in forms which can be digested and used by such machinery directly or in its relationships with other areas of the government, is one standard by which UNEP's utility will be judged. Such machinery should be seen as a potential constituency and source of support for UNEP. The feedback from such machinery would provide UNEP with an important judgement on the machinery's relevance. All this, of course, requires resources;

(d) Provision of support for the negotiation of global and regional environmental treaties;

(e) The assumption, on request, of the role of mediator using the good offices of the Governing Council to avoid disputes over environmental issues or resources, or to resolve such disputes when they occur;

(f) The provision of more information about and better co-ordination of international environmental meetings.

## III. IMMEDIATE MEASURES TO ENHANCE UNEP'S EFFECTIVENESS

15. The Executive Director believes that there is great need for a more visible and powerful environmental presence in the United Nations system. The means of emphasizing the environment could usefully be considered in terms of:

(a) Steps which could be taken now or very soon;

(b) Steps that would require further consideration and preparation and which could probably be brought to maturity at the international conference envisaged for 1992 (see section IV below).

In so doing, the importance of the work that UNEP has done, despite limited resources and the difficulties it has had in influencing other elements in the United Nations system, should be borne in mind and, whatever changes might be made in the system, UNEP should remain at the centre of environmental activity and its role should be much strengthened.

16. In the light of the above, the Executive Director makes the following suggestions for action by the Governing Council at the present session:

(a) To increase its effectiveness, the Governing Council should be enabled to act between sessions and to function more effectively at the policy level;

(b) The means of enabling it to act between sessions should be by creating a standing Executive Committee or Expanded Bureau, with rotating, regional representation of fifteen members. The Governing Council itself could take this step. Such a body would, among other things, meet with the bureaux of the counterpart organs of the specialized agencies to develop more positive and collaborative relationships. By authorization of the Governing Council, a member or members of the Executive Committee or Expanded Bureau could address the governing body of another organization to convey specific requests from the Governing Council or to explain specific views;

(c) More useful policy discussions could be achieved by arranging for sessions of the Governing Council to consist of meetings of the committees dealing with the Environment Fund and programme matters for the first week, followed by four or five days of plenary meetings dedicated to policy formulation by participants at the ministerial level. The plenary meetings could include half a day for adopting decisions proposed by the committees and two days to consider policy with respect to energy, agriculture, etc. where environmental ministers could be joined, as appropriate, by ministers responsible for those fields. The last day or one and a half day of the ministerial-level meeting would be devoted to taking stock of joint discussions and formulating policy decisions regarding the relationship between the environment and the subject area concerned. The final day of the session would be set aside for the adoption of the report. Because of the significance of the issues before this session of the Governing Council, the Executive Director has recommended that for this session only the ministerial-level part of the session should be at the beginning rather than at the end;

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(d) There is need for better co-ordination and integration of environmental considerations with developmental activities. This is a problem not only in the United Nations system, but also within Governments. There are several possibilities for improving things within the United Nations system. These include:

- (i) Greater contact between the governing bodies or their executive arms;
- (ii) Better use of the Economic and Social Council, the Committee for Programme and Co-ordination (CPC) and the Administrative Committee on Co-ordination (ACC) as co-ordinating bodies in the field of the environment;
- (iii) Further development of the system-wide medium-term environment programme on the basis of commitments rather than expectations.

#### IV. UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT

17. At its forty-third session, the General Assembly decided, by its resolution 43/196, to consider at its forty-fourth session the question of the convening of a United Nations conference on environment and development no later than 1992, with a view to taking an appropriate decision at that session on the exact scope, title, venue and date of such a conference and on the modalities and financial implications of holding the conference. It requested the Secretary-General, with the assistance of the Executive Director of UNEP, to obtain the views of Governments, members of the United Nations system and intergovernmental and non-governmental organizations, and prepare a statement of financial implications, and to submit the material to the General Assembly, at its forty-fourth session, through the Economic and Social Council, and to make it available to the Governing Council at its fifteenth session. Accordingly, the relevant material, which will be circulated as an official document of the General Assembly and the Economic and Social Council, will be before the Governing Council in document UNEP/GC.15/6/Add.5.

18. The Governing Council is invited by the General Assembly to consider this material and, on the basis of that consideration, to submit to the General Assembly through the Economic and Social Council, its views on the matters referred to in the resolution, in particular its views on the objectives, content and scope of the conference.

19. The Executive Director considers that the Governing Council should attach great importance to defining the outcome which should be sought from the conference, commensurate with the resources which would be required. Even at the present seminal stage, it is highly desirable to start considering how the outcome could actually help Governments to take the steps necessary to protect and improve the environment. The process of preparation should be such that it can, in itself, heighten the determination of Governments to define and deal with environmental problems, and bring to bear the concerns of people in each country. This implies that efforts towards a successful conference must be made not only at the international level, but also nationally. The Governing Council should also be clear about how it sees its own role vis-à-vis the preparatory process.

20. As to possible titles for the conference, what is important is that the title chosen should convey a sense of the current broad concept of environment and its interlinkages with other aspects of the management of the planet durably for the benefit of the human race, and give the conference visibility and generate involvement and commitment. The choice of title should not become a way of giving certain directions to substantive issues - that is the task of the preparatory process. Rather, it should transcend differences in perception and reinforce the existing broad consensus towards the conference. Among the titles which have been mentioned, formally or informally, at the time of writing this report, are: United Nations Conference on Environment and Development; United Nations Conference on Ecological Security; United Nations Conference on Environment; United Nations Conference on Ecological Interdependence of Mankind; United Nations Conference on Ecological Revival of Humanity; and, Planet Earth Assembly, 1992.

21. It is quite possible that the responses to the request for views contained in General Assembly resolution 43/196 will produce other additional suggestions, which the Governing Council will consider.

22. Of even greater importance than the title is that the conference should produce significant results; therefore, it must be planned and managed carefully.

23. The most important element for 1992 is not to reiterate what should be done, which is now largely known, but to state concretely what the world community is actually going to commit itself to do within the next decade. The conference should establish specific targets, state how the world is going to reach them, and define who is going to do what and at what cost.

24. The year 1992 could become the target date for a number of actions relating to environment. In this connection, mention might be made of the following:

(a) Appropriate institutional change within the United Nations;

(b) The proposal to create a high-level body that might be called an Environmental or Ecological Security Council or an Environment Committee of the Security Council or a Sustainable Development Council or an authority to deal with one or more of the major global environmental problems could be considered and negotiated so that if agreement was reached on a particular institutional arrangements, the idea could be presented for consideration by the conference;

(c) Effective action on climate change through legally binding commitments to address at least some of the main sources of climate change. In this respect, Governments could be requested to prepare national documents indicating:

- (i) How their country is emitting greenhouse gases;
- (ii) What they are prepared to do to reduce the amount and impact of such gases;
- (iii) The technological changes they intend to introduce;
- (iv) The financial or technical assistance they need or are prepared to offer.

Thought should also be given to the possibility of preparing a code of environmentally appropriate conduct for adoption at the conference.

25. It must be recognized that environmental action by the United Nations system in general and by UNEP in particular, requires a substantial increase in funds. In both cases, the needs to be met far exceed what can be done with the available resources. The possibility of using resources that would be freed by disarmament to create a major fund to be used by the United Nations system for environment and development must be a major issue before the conference. The notion of innovative taxation schemes to support such a fund is also worthy of further investigation. The need for additional financial resources should be defined and their sources identified. Possibilities for the administration should be discussed and negotiated so that a useful package could be ready for approval in 1992.

26. Other topics that have been mentioned in informal consultations held by the Executive Director as possible candidates for consideration by the 1992 conference include:

(a) The creation of a centre for dealing with ecological crisis. Such a centre could intervene upon request of the Governments of the affected areas, sending teams of international experts to provide advice, as well as mobilizing human and material assistance;

(b) Greater use of outer space as an environmental monitoring base. This could involve establishing a dedicated international satellite network, international space laboratory or manned orbital station for monitoring the state of the environment, with internationally shared access to resulting data. Such an approach could be linked to geographic information systems, such as the UNEP Global Resource Information Database, and could also provide an environmental-event warning system;

(c) The creation of an environmental academy. Government officials, as well as officials in international organizations, and managers in industry, are called upon to deal with environmental issues, including those with an international character, often as an added dimension to their basic responsibilities. The academic community is also increasingly involved with environmental management. The environmental academy would provide a forum for the exchange of experience between the various communities now concerned with the environment at different levels, and provide general training on environmental issues and techniques of environmental management.

27. Other ideas that have also been mooted are:

(a) Establishment of an international green financing facility. Many developing countries are anxious to take environmental measures, but lack adequate resources or are unable to give them adequate priority in balancing different national concerns. These measures would often be in the broader global interest. Many of these countries have a burden of foreign debt and, in some cases, feel constrained to take measures detrimental to the environment. The facility would acquire debt instruments, often in the secondary market at a discount, or from international institutions or

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Governments of creditor countries, repackage the debt and sell it as "green bonds". Such bonds could have a term of, for example, 5 to 30 years, but carry a below-market or no-cash interest rate. For any "green bond" bought by the public, Governments would agree to buy a matching number of bonds. The debtor countries would agree with the facility that in return for a 30-year moratorium on principal repayment and interest suspension, they would take specific environmental measures which corresponded to their own interests and those of the global community, e.g. reclaiming deserts, conserving forests, cutting down on sources of global warming or ozone-layer depletion, etc. The facility could be set up as a subordinate institution or "window" of an existing institution;

(b) Establishment of an international environmental damage liability reinsurance and State guarantee system. The number of incidents and level of severity of transfrontier environmental damage is likely to increase, and the development of an international legal régime governing liability is urgent. Provision should be made, in an international convention, for absolute liability and for compensation. The potentially high levels of compensation will necessitate insurance and reinsurance, and many insurance markets would be unable to insure the risks without a State guarantee framework. Such reinsurance and State guarantees should themselves be backed by an intergovernmental mechanism, which could provide an incentive to the insurance markets to monitor standards and, beyond defined levels of risk which would be calculated in terms of the economic resources of the State and the effectiveness of its efforts to avoid, restrict or control transfrontier damage, become a guarantor of compensation at levels above those guaranteed by individual states. It would collect premiums in accordance with defined criteria;

(c) Establishment of an international environmental dispute arbitration system. Good offices by an intergovernmental body such as the Governing Council cannot be the whole solution to mediating in environmental disputes, and recourse to an internationally recognized panel of arbitrators, as exists in other domains (e.g. Permanent Court of Arbitration, International Council for Commercial Arbitration), should be made possible. The idea would be to provide mediation and/or arbitration, upon request or in situations defined by the provisions of treaties, in a manner acceptable to all parties to a potential dispute, by persons of recognized competence and repute in regard to environmental matters.

28. The conference should stress the importance of an orderly approach to the full range of environmental problems that are seen as so important. It is necessary to work programmatically; to set up appropriate structures for environmental activity; and to establish schedules, priorities and targets. If there are to be desirable changes in technology related to energy, industry and transportation for the benefit of the environment, it is necessary to establish universally agreed norms for reaching these goals. In that way it would be possible to get industry to co-operate to bring about change. Emphasis must be given to the importance of creating the will to act, to reflect a moral imperative, rather than relying on compulsion and enforcement.

29. The General Assembly has also sought views as to the timing of the conference. This has to be carefully considered since 1992 will see other major events: the Olympic Games, the major economic integration action among the members of the European Communities, five hundredth anniversary of Columbus' landing in America and probably the results of renegotiating the Antarctic Treaty. However, it may look advisable to have the conference conclude on 5 June 1992, in commemoration of the Stockholm Conference.

30. As regards the preparatory process, the Executive Director recommends that the Governing Council be the core of the preparatory committee for the conference, which should be open-ended. The expanded Governing Council should hold three preparatory sessions in different locations: New York, Geneva, Vienna, Nairobi or any country which offers to host any one of these sessions according to United Nations regulations.

31. The small secretariat of UNEP, as has been pointed out above, faces greatly increased responsibilities as the consciousness of the importance of environment expands rapidly and requirements for response escalate.

32. The task of preparing the conference would be a demanding one and there should be a separate and adequate secretariat for the purpose even if the Executive Director were asked to act as secretary-general of the conference. Such secretariat should be headed by a very senior official who knows the United Nations system properly, and is well conversant with the environment/development nexus, to deal with the day-to-day issues, freeing the secretary-general of the conference to deal with the policy and major substantive issues, with which he would also assist him. The secretariat should be located in Europe, preferably Geneva, close to the major specialized agencies which deal with the various aspects of environment and development issues. In any case, UNEP should have a major role to play in preparing for the conference.

33. The United Nations Secretary-General, with the assistance of the Executive Director, has prepared a statement of the financial implications of preparing the convening of the Conference, for submission to the General Assembly at its forty-fourth session, through the Economic and Social Council. As mentioned in paragraph 17 above, this statement is before the Governing Council in document UNEP/GC.15/6/Add.5.

34. As appears from the statement of financial implications, the resources required for the conference are substantial, at a time of severe financial constraints for the regular budget of the United Nations. By way of comparison, the 1972 United Nations Conference on the Human Environment, were it to be held today, would probably cost over \$15 million. The United Nations Conference-Exposition on Human Settlements was costed at \$5.2 million in 1973. These costs, translated into 1992 dollars, are greater than the stated financial implications of the 1992 conference. Contributions of additional resources by Governments in a position to do so, would greatly improve the effectiveness of the preparatory process.

V. ENVIRONMENTALLY SOUND AND SUSTAINABLE DEVELOPMENT

35. The Environmental Perspective, adopted by the General Assembly by its resolution 42/186, sets out an approach to environmentally sound sustainable development, a cause brought forcefully to the world community by the analysis and issues contained in the report of the World Commission on Environment and Development, which the General Assembly welcomed in its resolution 42/187.

36. The Secretary-General is required to submit to the General Assembly at its forty-fourth session a consolidated report on the implementation of General Assembly resolution 42/187. Further reporting requirements in regard to the two resolutions are contained therein. These include reporting by Governments and international organizations. ACC in its 1988 report to the Governing Council (UNEP/GC.15/8/Add.3) has submitted views on how the reporting process might be facilitated.

37. The Governing Council will have before it reports by the governing bodies of the organizations within the United Nations system. However, the principal paper on which the Governing Council may wish to focus its attention is the draft of the consolidated report by the Secretary-General (UNEP/GC.15/6/Add.2), which includes a summary of information provided by Governments and by the United Nations system, and information on actions taken at the inter-agency level, including by ACC itself. The Governing Council is required to submit comments to the General Assembly through the Economic and Social Council on these matters, and on any other matters concerning progress on sustainable development within its mandate. The Executive Director, in an endeavour to assist the Council in carrying out its task, has prepared suggested draft comments by the Governing Council for its consideration (UNEP/GC.15/6/Add.4). He has been assisted in this task by the DOEM mechanism.

38. An important issue before the Governing Council is whether the steps the United Nations system has taken to address the issues in the Environmental Perspective and in the World Commission report, are adequate, and whether the Council wishes to suggest any further action at this stage to the General Assembly. However, it should be beyond doubt that the major thrust of the General Assembly resolutions is directed at Governments, in whose hands lies the real responsibility for achieving environmentally sound and sustainable development. Replies from Governments in response to the requests for information have been very limited in number. Possibly this shows the difficulty which all face in integrating environmental concerns into development, not necessarily at the project or even the sectoral levels, where there is some progress, but more at the level of development plans and policies. It also may show that there is a substantial requirement for additional resources which is not being met, hampering actions which Governments, particularly those of developing countries, would otherwise be prepared to contemplate. There may also be concern that conditionality in development assistance may affect national decision-making in accordance with national priorities.

39. It is clear that there are no simple and readily applicable solutions to the problem of integrating environmental concerns into development plan and policies in order to make them sustainable. The Executive Director has invited any Governments who might have achieved this objective to share their experience, and none has as yet claimed to have done so. Accordingly, the need is for the collective wisdom of Governments and the United Nations system to be pooled and brought to bear in an experiment in a few selected countries who wish to participate, to endeavour to develop replicable methodologies and approaches which could be tried out, tested and made available to other countries. ACC has taken this approach, as it mentions in its 1988 report to the Governing Council (UNEP/GC.15/8/Add.3, para. 7), and its members are collectively trying out the experiment, in a first stage with three countries. Such a joint effort on ACC's part is surely unique, and a steering group of the most concerned organizations has been established.

40. The availability of additional resources is not a new issue. In section III, paragraph 4 of General Assembly resolution 2997 (XXVII), the very resolution establishing UNEP, it was agreed that such resources should be provided to the developing countries and that, to that end, the Executive Director should keep the problem under review. The General Assembly has made and reiterated that point in several subsequent resolutions, including 42/184, 42/186 and 42/187. In its resolution 1988/69, the Economic and Social Council requested a report by the Executive Director on the outcome of a review along the lines of the problem referred to in resolution 2997 (XXVII), section III, paragraph 4.

41. The Executive Director has requested information on this issue from Governments, to be provided together with information on the implementation of General Assembly resolutions 42/186 and 42/187, as a basis for the reporting to the Economic and Social Council. The replies have once again been disappointing, in that no specific responses have been received, and the Governing Council may also wish to address this issue in expressing its views to the Economic and Social Council and to the General Assembly.

42. The issue of conditionality has been clearly articulated in the General Assembly and the Economic and Social Council. The concern should be met by a clear statement by the Governing Council that the intent is not to impinge on the prerogative of countries to direct their own development, but rather for the United Nations system to help develop the knowledge base and understanding of impacts, within and outside national boundaries, so that each country may seek the appropriate balance in its development priorities, and make informed decisions.

43. When it comes to global issues, the interest of the world community is particularly valid, and its co-operation especially essential. It is important to address the sources of environmental degradation. UNEP, and the United Nations system, in their actions on environmental matters, show specifically how this can be done in various sectors of human activity.

44. In paragraph 5 of its decision SS.I/1, adopted at its first special session, the Governing Council called for environment to become a dimension of any international development strategy for the 1990s. It asked the Executive Director to contribute fully and actively in the process of development of the strategy, which he has endeavoured to do in the views he has presented to ACC and to the ACC task force on long-term development objectives, both bodies having

an important contribution to make in the development of the strategy. The environmental approach, which sees a world of interdependencies and mutual interests among nations, has led him to advocate a global strategy, focusing on critical poverty and thus on the needs of development, as poverty drives people in desperation to degrade the environment and natural-resource base. He has advocated environmentally sound development approaches in each sector, approaches which, in viewing human beings both as consumers of natural resources and as the basic resource for and objective of sound development, would mobilize their energies to contribute to sustainable development efforts. Indeed, any new international development strategy should be a strategy for environmentally sound and sustainable development - otherwise, the very concept of development loses meaning. It should have environmental indicators built into it so that its progress in environmental terms may be monitored. ACC and the task force have basically been sympathetic to these views, many of which were reflected in the Secretary-General's report to the General Assembly on the preparation of the strategy.

45. However, it should not be overlooked that the strategy will be negotiated by Governments themselves, and it is for them, participating in the process, to make the strategy environmentally sustainable and, indeed, to make it such that it improves the environment and the natural-resource base. The General Assembly has now established the process, involving a preparatory committee of the whole, which is to submit a progress report to the General Assembly at its forty-fourth session.

#### VI. FINANCIAL RESOURCES OF THE ENVIRONMENT FUND

46. The liquidity of the Environment Fund improved in 1988. Contributions were generally paid earlier and there was an increase in the total level of contributions. These developments must be regarded as positive and welcome, but it is the Executive Director's contention that the resources currently available to the Fund are insufficient for UNEP to carry out its increased responsibilities.

47. This view would seem to have been recognized by the Economic and Social Council in its resolution 1988/72, in which it, inter alia, stated that it considered that a 50 per cent increase in real terms in the resources of the Environment Fund is desirable. Ten years ago, in 1979, contributions to the Fund were \$31.8 million. The estimate for 1989 is \$37 million. But the purchasing power of money in 1989 is much less than it was in 1979. If the average rate of inflation over this period were no more than 5 per cent per annum - and in some years it was much more than that - the 1989 contributions could be worth no more than \$22.6 million in 1979 terms.

48. If contributions to the Fund had kept pace with 1979 values, using this conservative average of inflation, the total contributions paid in 1989 would be \$52 million, some \$15 million more than actually expected.

49. A 50 per cent increase in 1979 terms would require contributions to the Fund of \$78 million in 1989.

50. To maintain this level in real terms in the years ahead, contributions need to rise further - by perhaps 4-5 per cent per annum and thus, by 1995, achieve a level of \$100 million.

51. The Executive Director understands that many countries would have difficulty, for national budgetary reasons, in increasing their contributions immediately to restore them to the level paid in 1979 in real terms, plus another 50 per cent. He does, however, believe that it is imperative to aim to achieve this by 1995. To do this requires that each contributor increases its own contribution each year starting 1990 from the 1989 level by 15-20 per cent to constitute an average yearly increase in Fund contributions of 18 per cent. That surely is not too much to ask.

52. At the same time, the Executive Director would like to see Governments making pledges three, four or even five years in advance, thereby giving him a firm basis on which to plan future programmes.

53. Given the stagnation in resources available to the Environment Fund, and given the Governing Council's request to keep programme and programme support costs within 33 per cent of estimated contributions, the Executive Director has continued to keep vacant about 20 per cent of established Professional posts financed by the Fund. Now, an 18.6 per cent cut will be imposed in the number of regular budget Professional and higher category posts. The secretariat is, therefore, being stretched very thin. This can no longer be sustained. The vacant Fund posts have to be filled. Otherwise, programmes such as those involving climate, environmental law, GRID and IRPTC will face serious problems. The Executive Director has tried to bridge the staff shortage by encouraging Governments to support the Junior Professional Officer (JPO) programme. There are now 17 JPOs on board compared with 12 at the end of 1987. The Executive Director is also using five senior professionals financed by Governments and eight United Nations Volunteers. Most of these recruits are young, dedicated and of great benefit to the secretariat; they cannot however replace experienced senior officers. The Executive Director feels he is being called on to do more and more with less and less and is concerned that if this situation continues, parts of UNEP's programme will not have enough resources to have any real impact. If Governments believe the environment should be a priority, which, according to UNEP's global poll, the people of the world do, then they must make the necessary resources available. The level of contributions to the Environment Fund must be considerably increased to allow UNEP to do its job properly.

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