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PROGRESS REPORT ON GOVERNING COUNCIL DECISIONS 10/4, 10/6
AND 10/26 - THE CLEARING HOUSE MECHANISM

Summary

The present report, submitted to the Governing Council in compliance with Council decision 10/26 of 31 May 1982 (para. 5), traces the developments leading to the establishment in 1982, on an experimental basis, of a clearing-house mechanism within UNEP to meet the serious environmental needs of the developing countries. The establishment of the clearing-house is described and its functions are explained. Finally, the Executive Director gives his evaluation of the clearing-house experiment.

Suggested action by the Governing Council

The Governing Council may wish to consider a decision along the following lines:

1. Express its views on the clearing-house experiment and, if it agrees with the Executive Director that the experiment has been successful, extend the clearing-house for another three years;
2. Express its appreciation to the Governments of the Federal Republic of Germany, the Netherlands and Sweden for their support to the clearing-house experiment;

3. Express its appreciation to the Arab Gulf Fund for United Nations Development Agencies and the Government of Argentina and call upon developing countries to follow their example, singly or in groups, in providing assistance to other developing countries;

4. Call upon donor countries and institutions to support actively project proposals from developing countries which are presented under Types A, B and C clearing-house activities;

5. Request the Executive Director to initiate new long-term Type B programmes to deal with serious environmental problems in three additional developing countries per year, having particular regard to those countries that have relatively undeveloped institutional and legislative environmental support structures;

6. Request the Executive Director to initiate under Type C a new programme for the integration of environmental considerations into development planning processes in one additional developing country per year;

7. Call upon Governments to contribute adequate funds in the form of counterpart contributions over the next three years to support key operations of UNEP's clearing-house activities, specifically:

(a) To finance technical teams to work with developing countries on strategies for dealing with serious environmental problems, and to help them identify and develop specific projects which can be proposed to donor communities;

(b) To finance consultants to work with developing countries to deal with Type A project proposals or identify and develop Type D project proposals which can be presented to donor communities.

8. Establish a clearing-house Programme Activity Centre within UNEP with no more than five professional staff plus support services (the present level of staffing), in order to execute UNEP's clearing-house responsibilities;

9. Request the Executive Director to report to the Governing Council at its fourteenth session on the implementation of this decision, in conjunction with the further implementation of decision 10/4.

INTRODUCTION

1. In May 1982, the Governing Council at its tenth session adopted three separate decisions (10/4, 10/6 and 10/26) which established a framework for meeting the environmental concerns and needs of countries in the process of development. This framework is now referred to as UNEP's clearing-house mechanism.
2. In these decisions, the Governing Council focused on UNEP's role as a catalyst and co-ordinator, rather than as a funding agency. In general, funds for projects implemented under the three decisions were to be secured mainly from sources extraneous to the Environment Fund.
3. The present report is submitted in response to Council decision 10/26 in which, inter alia, the Executive Director was requested to report to the Council at its twelfth session on the implementation, on a two-year experimental basis, of that decision; a decision from which - taken together with decisions 10/4 and 10/6 - the clearing-house mechanism evolved.

I. BACKGROUND

4. The task of assisting developing countries to secure assistance to meet their environmental need is not new for UNEP. Nearly a decade ago (1975-1976), a mechanism was established within the Environment Fund to bring the technical assistance requirements of developing countries to the attention of donor agencies and Governments. But the time was obviously not ripe for such an exercise: donor agencies considered that their regional and sub-regional representatives could handle all technical assistance requests, including those for environmental concerns, and developing countries were not yet fully convinced of the need to give priority in their development plans to their environmental problems.
5. By the end of the 1970s, however, a gradual change in perceptions occurred. In a period characterized by rampant inflation, recession and severe financial constraints, developing countries became increasingly aware of the economic necessity of early preventive action in order to pursue sustainable development. Simultaneously, donor agencies began to realize that only by taking ecological and natural resource considerations fully into account could they ensure that development aid was made cost-effective and channelled towards long-term and sustainable development.
6. Unfortunately, this new era coincided with a stagnation in the level of contributions to the Environment Fund which imposed severe financial constraints on the programme of UNEP. Developing countries, well aware that they did not have the resources required to take the kind of environmental corrective actions being carried out in developed countries, began to press for assistance to meet their serious environmental problems before they assumed catastrophic proportions. Donor agencies, however, were handicapped, as was UNEP, by a stagnation in the level of their funds. It was a classic example of demand outstripping supply. The pressure began to build.

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7. It was in reaction to this situation that in 1979, the General Assembly, in its resolution 34/188 of 18 December 1979, stressed "the need for UNEP to increase the resources available for its projects in the developing countries, in accordance with their requirements and priorities ..." (para. 5). Some six months later, the Economic and Social Council, in its resolution 1980/49 of 23 July 1980, after echoing the General Assembly's concern over the dwindling contributions to the Environment Fund, invited Governments "to consider proposals whereby additional contributions to the Fund of UNEP would be used for measures dealing with serious environmental problems in developing countries ..." (para. 9).

8. In the same vein, the Governing Council in 1981 adopted decision 9/11 of 26 May 1981, relating to the incorporation of environmental considerations in development planning, and decision 9/12 of the same date which set priorities for dealing with the most serious environmental problems in the developing countries. At the Council's ninth session, several ideas were discussed for raising additional resources to meet those problems, including a proposal for a "special window" through which some development funds would be channelled into the Environment Fund for the specific purpose of dealing with the serious environmental problems of developing countries. No agreement could be reached, however, and the Council postponed its discussion on this question to the tenth session.

9. Later the same year, the General Assembly adopted resolution 36/192 of 17 December 1981, in the sixth preambular paragraph of which it stressed "the need for additional resources to be made available to the Fund of UNEP for the developing countries to deal with their most serious environmental problems, such as soil degradation and deforestation, which are examples of very severe deterioration of natural resources calling for particular attention". In the seventh preambular paragraph of the resolution, the General Assembly also recognized that "environmental deficiencies generated by the conditions of under development pose grave problems and can best be remedied by accelerated development through the transfer of substantial quantities of financial and technical assistance as a supplement to the domestic effort of the developing countries and such timely assistance as may be required".

10. This, then, was the background against which, in May 1982, the tenth session of the Governing Council was held.

II. DECISIONS OF THE COUNCIL AT ITS TENTH SESSION

11. At its tenth session, the Council adopted three decisions, 10/4 of 31 May 1982, 10/6 of 31 May 1982, and 10/26 of 31 May 1982, which were based on the legislative history described in the preceding section, on the Nairobi Declaration adopted by the Council at its session of a special character to commemorate the tenth anniversary of the United Nations Conference on the Human Environment, held immediately prior to the tenth session, and on the Executive Director's report on additional resources for financing solutions to serious environmental problems in developing countries (UNEP/GC.10/11/Add.1). Taken together, these decisions presented an opportunity to find new and innovative ways to address a wide range of environmental problems in developing countries.

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A. DECISION 10/4

12. In decision 10/4, the Governing Council encouraged intensified horizontal co-operation among developing countries and, in paragraph 1, requested the Executive Director, in consultation with Governments of developing countries and in co-operation with relevant United Nations organizations, to identify:

"(a) Subject areas and activities where an exchange of experience among developing countries could be fruitful for environmentally sound development;

"(b) Expertise and institutions in developing countries which could extend assistance to other developing countries or co-operate with similar expertise and institutions in these countries, to integrate environmental considerations into development programmes and projects."

13. In paragraph 2 of the same decision, the Council further requested the Executive Director:

"to provide the financial support for the implementation of the assistance and co-operation among developing countries ... and for the activities that would emanate from such assistance and co-operation, including from funds made available in the form of:

"(a) Relevant components of the Environment Fund;

"(b) The additional resources for dealing with serious environmental problems in developing countries decided upon during the present session (decision 10/26)."

14. In order to implement this decision, the Executive Director sought the views of Governments of developing countries and of United Nations organizations through a series of letters in 1982 and 1983; he also utilised the channel of INFOTERRA focal points. He specifically requested their assistance, as called for in paragraph 1 (a) of the decision, in identifying the subject areas and activities in which an exchange of experience among developing countries could be fruitful for environmentally sound development. Nineteen Governments and 9 United Nations organizations responded.. Twelve specific areas were identified in which such an exchange among developing countries could be beneficial for their environmentally sound development: natural resource management, water management, energy, food systems, agriculture, forestry, mining, industry, technology, rural development, human settlements and infrastructure and transport. As a second step, Governments of developing countries were requested to provide UNEP with a detailed list, under each of the 12 subject areas, of the institutions and sources of expertise available in their countries. Although the general response of the Governments has been favourable, UNEP does not yet have the necessary amount of specific data and information it requires, and will therefore have to continue its task of identifying such expertise and institutions before it can effectively utilize them in its clearing-house mechanism.

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15. The request in paragraph 2 of the decision that the Executive Director provide financial support for the implementation of the assistance and co-operation among developing countries, has been followed up, and the provision of such assistance is an integral part of the clearing-house mechanism described below, particularly in Type D activities (see paras. 52 to 55 below).

16. In response to paragraph 4 of the decision, the Executive Director submitted a report, entitled "Dealing with serious environmental problems in developing countries" (UNEP/GC.11/3/Add.5), to the Governing Council at its eleventh session and supplemented the report with a Conference Room Paper during the session. The report dealt not only with the implementation of decision 10/4, but also included reporting on the implementation of decisions 10/6 and 10/26.

B. DECISION 10/6

17. In decision 10/6, the Governing Council, after expressing its concern that it was at present difficult for the Programme to fully address serious environmental problems arising from poverty and under-development, and persuaded of the need for the Programme to play a more active and effective role in this respect than it had in the past, requested the Executive Director:

"to prepare, after consultations with Governments, a report for consideration by the Governing Council at its eleventh session on ways and means of enabling UNEP to address serious environmental problems in developing countries more adequately, especially in the context of Governing Council decision 9/12 of 26 May 1981".

18. It was in response to this decision, while at the same time complying with the Council's request for a report on the implementation of decision 10/4, that the Executive Director submitted to the Council the report referred to above (UNEP/GC.11/3/Add.5). In a supplement to that report, the Executive Director gave the Council a brief résumé of replies he had received from Governments (Annex I of Supplement) and intergovernmental organizations (annex II of Supplement) on the question of "ways and means of enabling UNEP to address serious environmental problems more adequately ...".

C. DECISION 10/26

19. In decision 10/26, the Governing Council addressed the problem of securing additional resources for dealing with serious environmental problems in developing countries. Specifically, the Governing Council requested the Executive Director (para. 1):

"to review the relevant arrangements within UNEP and between it and UNDP and other members of the United Nations system, multilateral development financing institutions and bilateral donors in order to ensure that environmental considerations are more fully taken into account in development programmes and projects".

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20. In paragraph 2 of that decision, the Council further requested the Executive Director:

"within the framework of the mandate of UNEP ... to promote through its co-ordinating role catalytic activities in co-operation with the relevant regional offices and the resident co-ordinators of the United Nations system, which would:

"(a) Facilitate the provision of expert assistance to and among developing countries, at their request, in the preparation, monitoring and evaluation of priority environmental programmes and projects ensuring the optimal use of the capability of existing institutions;

"(b) Solicit the necessary resources for this purpose from multilateral and bilateral donors."

21. With regard to paragraph 1, UNEP had of course been working with UNDP, other members of the United Nations system and multilateral development financing institutions some years prior to the adoption by the Council of this decision. The Committee of International Development Institutions on the Environment (CIDIE), ^{1/} the secretariat of which is provided by UNEP, had already in 1980 adopted a Declaration of Principles on the Incorporation of Environmental Considerations in Development Policies, Programmes and Projects. ^{2/} One of the principal subjects discussed at the fourth meeting of CIDIE, in May 1983, was UNEP's clearing-house initiative, and the Council's decision 10/26 was brought to the specific attention of the participants. Additionally, at a meeting of bilateral aid donors and multilateral financing institutions convened by the Executive Director in Geneva in July 1983, UNEP's implementation of this decision through the clearing-house mechanism was discussed. The participants at the meeting showed keen interest in the clearing-house, and expressed their willingness to finance related activities and projects on a case-by-case-basis.

22. The implementation of paragraph 2 of decision 10/26 is the foundation upon which the clearing-house mechanism, described below, has been established.

^{1/} CIDIE currently has ten members in addition to UNEP: UNDP, the World Bank, the African Development Bank, the Arab Bank for Economic Development in Africa, the Asian Development Bank, the Caribbean Development Bank, the Commission of the European Communities, the European Investment Bank, the Inter-American Development Bank and the Organization of American States.

^{2/} The meeting leading to the adoption of this Declaration was described in document UNEP/GC.8/INF/1. Further information about CIDIE is found in the 1982 and 1983 annual reports of the Executive Director (UNEP/GC.11/2, chap. III, para. 38 and chap. IV, paras. 114 and 115; UNEP/GC.12/2, chap. IV, paras. 168 and 178).

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23. As explained above, the report submitted by the Executive Director to the Council at its eleventh session on dealing with serious environmental problems in developing countries covered not only the implementation of Council decisions 10/4 and 10/6, but also described the initial implementation of the requests of the Governing Council in decision 10/26.

III. THE CLEARING-HOUSE MECHANISM

24. The clearing-house mechanism, as established by the Executive Director in response to decisions 10/4 and 10/26, can be described in general terms as a brokerage system in which UNEP, in keeping with its catalytic and co-ordinating role, acts as a mediator between developing countries with specific serious environmental needs and donor countries or institutions willing to support activities and programmes to meet those needs.

25. Through this brokerage system, UNEP is able to help developing countries to address their wide variety of environmental problems. Such help ranges from meeting a small, one-time technical assistance need to attacking deep-seated problems with complex social and institutional roots. Another advantage of this brokerage system is that UNEP finds itself in a better position to cater to the particular capabilities and concerns of the different donors, be they multilateral organizations, Governments of developed countries, or Governments of developing countries. For administrative simplicity and for a better focusing of UNEP's limited resources, the clearing-house activities have been divided into the following four types:

- Type A: Small, service-oriented project efforts such as consultants, training assistance, or supporting equipment. Requests are initiated by Governments of developing countries, and donors work directly with developing countries to help design and execute the projects. Type A projects are usually one-time efforts, each of which is brokered on its merits. Larger or longer-term projects are sometimes included;
- Type B: Focused long-term programmes for tackling specific serious environmental problems in developing countries. Programmes are evolutionary in character and emphasize initial seed efforts which have clear implications for other areas or regions with similar serious environmental problems;
- Type C: Support to developing countries for integrating environmental considerations into their development planning processes, preferably in the very early stages of development planning;
- Type D: Direct co-operation between developing countries, often referred to as "horizontal" or "South-South" co-operation.

26. Taken together, these four types of clearing-house activities meet the objectives of Governing Council decisions 10/4 and 10/26.

IV. IMPLEMENTATION OF CLEARING-HOUSE ACTIVITIES ^{3/}

A. TYPE A ACTIVITIES

1. Implementation

27. Following the tenth session of the Governing Council, two of the principal sponsors of the relevant Council decisions pledged substantial support for what are now called Type A activities. The Government of the Netherlands earmarked \$US 1 million in direct support to developing countries, and the Government of the Federal Republic of Germany offered support in kind, in the form of consultants, training and equipment. In early 1983, UNEP signed formal agreements with the two Governments with regard to these pledges. The agreement with the Federal Republic of Germany has subsequently been clarified through a new agreement which is expected to be signed in the very near future. Under the new agreement, a trust fund will be established through which short-term expertise can be financed in response to requests from developing countries transmitted through UNEP's clearing-house mechanism.

28. UNEP began its Type A clearing-house activities by assembling requests pertaining to possible projects, especially from developing countries, by conducting consultations with UNEP regional offices, and by reviewing communications from UNDP resident representatives and other similar sources. A careful review of the requests revealed that few of the concrete proposals were in a state in which they could be presented to donors.

29. Consequently, UNEP concentrated its efforts upon those few projects which had clear objectives and which had the firm support of the requesting Government. For each of these projects UNEP prepared, with the assistance of a qualified consultant contributed by the Federal Republic of Germany, fact sheets for presentation to potential donors. The fact sheets were then used to initiate specific dialogues on individual projects with potential donor countries and organizations. This has proven to be a dynamic process in which project proposals have evolved as a result of discussions and clarifications between donor and recipient, with UNEP as broker.

30. The Government of the Netherlands has agreed to fund three Type A projects at a total cost to it of \$265,000:

(a) In Burundi, a three-pronged project for afforestation, protection and development of national parks; conservation of wildlife; and training of local citizens;

(b) In Egypt, application of environmental management techniques to Egyptian industrialization programmes;

^{3/} The information contained under this heading in the present document will be updated in an addendum to the present report.

(c) In eight countries, assistance in establishing information systems for chemical hazard assessment and control through the IRPTC, starting with Malaysia as a case study.

31. The Government of the Netherlands is also now in a final stage of negotiating the funding of two other projects, and has further indicated its particular interest in four additional projects about which discussions are currently being held.

32. UNEP's catalytic role is also paying dividends in direct bilateral co-operation between donors and developing countries. As a result of UNEP's involvement, the Federal Republic of Germany is working with Peru to develop a pilot project to protect a fragile ecosystem in the Peruvian Andes, which may result in the establishment of a trust fund with UNEP of DM 3 million. Similarly, the United States of America is now working with Jamaica to finish formulating a large watershed management project, a process which may lead to direct co-operation.

33. New requests for technical assistance are flowing into UNEP's clearing-house, evidence of an increased interest in the mechanism by developing countries. UNEP is continuing to concentrate its efforts on project proposals which have clearly defined objectives and the firm support of the requesting Government. Emphasis is now being put by UNEP on concrete, service-oriented projects, especially those designed to build and strengthen the institutional capabilities of the recipient country. UNEP is trying to improve the efficiency and yield of its clearing-house operation by targeting projects for presentation, by reducing turn-around times, and by paying more attention to the budgeting needs and cycles of donors.

2. Lessons learned

34. With regard to Type A activities, the experiment has shown that the most productive dialogues between donors and recipient countries occur when:

- (a) The objectives of the proposal are well defined;
- (b) The project has the firm support of the recipient Government, including a counterpart contribution;
- (c) The project falls within the priorities of the country's national development plan;
- (d) The project delivers a concrete, service-oriented product to meet a specific need;
- (e) The project enhances the institutional capabilities of the recipient country;
- (f) An element of training is involved or expertise is otherwise transferred;
- (g) In some cases, environmental monitoring equipment or other hardware is involved.

35. With these broad criteria in mind, UNEP intends to focus Type A clearing-house activities on those areas where UNEP's involvement will not duplicate other support programmes. In particular instances, of course, other catalytic institutions may show a complementary interest, and UNEP has found that consultations with such institutions are generally helpful. In the light of the experience gained, the following project areas are emerging as those most appropriate for Type A project proposals:

- (a) Environmental legislation;
- (b) Environmental machinery;
- (c) Environmental planning tools, such as environmental impact assessments and cost benefit analyses;
- (d) Specific environmental protection measures (e.g. control of emissions from a factory);
- (e) Environmental case studies with clear implications for national and regional environmental management and support.

B. TYPE B ACTIVITIES

1. Implementation

36. The main thrust of the programme for dealing with specific serious environmental problems in developing countries through Type B activities is to identify one or two of the most serious environmental problems in each of several developing countries, and to formulate long-term, evolutionary strategies to resolve those problems. As a first step in each such strategy, a set of immediate, short-term projects is drawn up to enable the country to address the critical facets of the overriding serious problems. These projects can then be duplicated or used as foundation stones to help achieve larger-scale solutions in the affected country and in similar areas elsewhere. This part of UNEP's clearing-house programme has been supported by the Government of Sweden through a \$US 1 million counterpart contribution with UNEP.

37. As reported to the Governing Council at its eleventh session, ^{4/} UNEP's Type B clearing-house activities began with a meeting in Nairobi in December 1982 of high-level experts from Asia, Africa, Europe, Latin America, and North America. At this meeting, 12 potential recipient countries were provisionally singled out on the basis of the environmental priorities established by the Governing Council in decision 9/12 of 26 May 1981, the relative seriousness of environmental problems in each country, and the likelihood that a long-term Type B effort could succeed. The 12 countries were: Africa - Botswana, Ivory Coast, Kenya, Morocco; Asia - Bangladesh, Indonesia, Papua New Guinea; Latin America - Colombia, Jamaica, Peru; West Asia - Jordan, Oman.

^{4/} UNEP/GC.11/3/Add.5, para. 10.

38. Multidisciplinary high-level missions were then assembled and sent to each of the 12 countries during the first four months of 1983. After conducting in-country surveys and holding meetings with ranking officials, including Ministers of State, two Prime Ministers and, in one case, the President, the missions submitted reports for each country, preliminarily identifying the most serious environmental problems and assessing the probable success of a Type B programme in resolving these problems.

39. Following a debriefing of the high-level mission leaders in Nairobi in May 1983, four of the 12 countries were selected as the foci of the programme: Botswana, Indonesia, Jordan and Peru. Technical missions were then mounted to each of the four countries to conduct analyses in greater depth and to prepare specific proposals for action. The composition of the technical missions varied from country to country, in accordance with the results of consultations with the Government authorities concerned. In Botswana and Jordan, individual experts from outside the country were engaged. In Peru, nationals were engaged as consultants and Government experts were seconded to carry out the exercise. In Indonesia, expertise was provided by a consortium of consulting firms. The draft reports of these four technical missions were submitted to UNEP on schedule, in December 1983 and January 1984.

40. In summary, the type B clearing-house programme has produced four comprehensive strategies, one for each of the four countries selected, to help them in dealing with their serious environmental problems. A brief description of each strategy is given below.

(a) Botswana

41. The situation in Botswana represents a complex set of environmental problems relating to land and water development in a drought-stricken area, and to the Government's institutional capabilities for dealing with those problems. The initial strategy that has been formulated aims at attacking these serious problems simultaneously on several critical fronts. Project proposals include development of a national conservation strategy, rehabilitation of crucial rangelands, an inventory of water resources, design of appropriate wildlife and environmental management programmes, and development of necessary legislative and institutional support, including environmental education. Taken together, the strategy and project proposals represent a dynamic process for resolving Botswana's serious environmental problems. The report of the technical team is already proving useful to Government authorities in the formulation of Botswana's Sixth Development Plan.

(b) Indonesia

42. The serious, long-term environmental problem selected for special attention in Indonesia concerns the use and development of land areas that are under severe population and development pressures. The environmental authorities in the Indonesian Government selected the area from Jakarta south to Puncak and Cibinong as the initial focus of UNEP's Type B clearing-house programme in Asia. This particular area, which is part of Indonesia's highly

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productive "rice bowl", is expected to come under severe stress within the next 20 years: the population (11.2 million in 1980) is expected to double, and industrial output is projected to more than double. A set of pragmatic project proposals has been formulated to address, in a comprehensive rather than piecemeal way, the serious problems in the area. Under a single "umbrella" environmental management project, seven specific projects will tackle the key issues in the area, which include water pollution, conservation, land management, environmental planning and industrial growth.

(c) Jordan

43. In Jordan, environmental concern and, consequently, Government programmes have historically concentrated on areas of relatively high rainfall and irrigated areas, largely to the exclusion of a large band of semi-arid lands - the 100-300mm/year rainfall zone - lying between higher rainfall areas and the desert. The vegetative cover of these semi-arid lands has been depleted by overgrazing, leading to desertification. The rural population is relatively poor. The technical mission identified an area near Lajjun in which range rehabilitation techniques could dramatically increase productivity and reverse environmental degradation. The proposed programme could significantly improve local living conditions and open the way to increased range production in nearby areas. The programme, which enjoys the support of the Jordanian Government as well as of Bedouin groups in the area, includes a major training component which could be duplicated elsewhere in Jordan and the West Asia region to prevent desertification and significantly improve the productivity of semi-arid lands.

(d) Peru

44. A Peruvian technical team has developed a comprehensive strategy to address the serious environmental problems associated with the recent and rapid development in the high jungle regions east of the Andes mountains. Six specific short-term projects have been proposed to assist environmental recovery and management and provide associated training and local institution-building. The projects have been concentrated initially on representative sub-regions of the high jungle; if, as expected, they prove successful, they could be duplicated in similar conditions elsewhere. The Government of Peru has shown a strong commitment to solving the serious environmental problems of the high jungle regions, and would participate actively in each project.

45. The leaders of the four technical missions met with the Executive Director in Nairobi in January 1984 and produced a short-term implementation strategy for each programme. Two senior advisors participated in the meeting, and will continue to advise the Executive Director as these programmes unfold.

46. Concise fact sheets for all of these projects have been developed, and the Executive Director is now obtaining clearance from the four Governments concerned. Early in 1984, selected donor countries and multilateral organizations were approached to begin the process of matching specific project proposals with willing donors.

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Lessons learned

47. For Type B programmes, UNEP has found that there are two key ingredients for developing a positive strategy to resolve the serious environmental problems in a developing country: first, a recognition of the serious problems by the Government itself; and second, a positive commitment by the Government to address those problems. Well-developed institutional and legislative environmental machinery, though helpful, are not prerequisites for the initiation of a strategy. Nonetheless, any Type B long-term strategy, if it is to be successful, must include components for strengthening institutional and legislative supports and for capitalizing on other resources at hand within the country.

48. UNEP's experience to date in Botswana, Indonesia, Jordan and Peru has been crucial to UNEP's own increased understanding of how best to mount an effective long-term programme to address the serious environmental problems in developing countries. As UNEP, in its role as broker, moves forward to help arrange donor financing of Type B projects in the four selected countries, it will also begin initiating new strategies to address environmental problems in a different set of developing countries. The Executive Director is of the opinion that Type B programmes should be initiated to deal with serious environmental problems in those countries with relatively undeveloped institutional and legislative environmental support structures.

C. TYPE C ACTIVITIES

1. Implementation

49. The high-level missions sent in 1983 to the 12 potential Type B countries were also asked to identify one country in which a Type C programme could be developed, i.e. a programme through which environmental concerns would be integrated into the development planning processes of a developing country, initially at high government levels and subsequently at the project management level. In May 1983, on the basis of the recommendations of the high-level mission to the ESCAP region, Papua New Guinea was chosen. This country provides a unique opportunity for building environmental considerations into development planning, since such planning is still at a very early stage. Furthermore, the country recently included environmental preservation as an element in its constitution, thus demonstrating its receptivity to a comprehensive environmental effort.

50. Led by a senior-level consultant, a small multidisciplinary team visited Papua New Guinea in August 1983. On the basis of the report of the team, the Executive Director expects to develop during 1984 a series of modest project proposals with a view to providing the necessary training, consultants, and other specific services to assist the Government to proceed with its development planning in an environmentally sound manner. Once the exact nature and scope of the projects have been determined, donors may be approached late in 1984 to assist with the implementation of specific project proposals under this programme.

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2. Lessons learned

51. Projects to assist developing countries in integrating environmental considerations into their development planning processes, like the one undertaken in Papua New Guinea as a Type C clearing-house activity, are urgently needed. A number of developing countries share this need, and UNEP therefore plans in 1984, in addition to its own efforts within its limited resources, to work with multilateral financing institutions such as the World Bank in order to secure such assistance for other developing countries.

D. TYPE D ACTIVITIES

1. Implementation

52. In 1982, Argentina established a five-year line of credit equivalent to \$US 1 million, effective October 1983, for use by other developing countries in dealing with environmental problems. Under this credit line, Argentina, as a developing country, undertook to supply experts and consultants to other developing countries. Discussions are currently being carried out on three sets of proposed projects: four specific consultancies in Latin America, resulting from a meeting in March 1983 of Government-nominated experts in Buenos Aires; five case studies in Kenya; and assistance with a desertification control project in Egypt.

53. The Executive Director regards the Argentine example as a milestone in international co-operation in the field of the environment among the developing countries. He has written to a number of other developing countries encouraging them to follow the example of Argentina by providing direct environmental assistance to other developing countries, and an initial encouraging response has been received from Malaysia. An active follow-up campaign is planned for 1984 to pursue the initial response, and to encourage other developing countries which are operating development aid programmes to broaden their programmes to encompass environmental issues.

54. Another example of Type D activities is the financial support provided by a group of developing countries to help meet the environmental needs of other developing countries. One such group is the Arab Gulf Fund for United Nations Development Organizations (AGFUND), which was established in 1981 by seven Arab Gulf States (Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) with a view to assisting in financing humanitarian and development projects for the benefit of underprivileged populations.

55. As of 31 December 1983, AGFUND had pledged a total of \$US 5,930,000 to support 15 projects addressing serious environmental problems in 15 different developing countries (Bangladesh, Benin, Democratic Yemen, Djibouti, Egypt, the Gambia, Jamaica, Mauritania, Peru, Senegal, Seychelles, Sudan, United Republic of Tanzania, Upper Volta and Zambia). AGFUND's total contribution of \$US 5,930,000 constitutes 26.4 per cent of the \$US 22,429,978 cost of the 15 projects, the remaining costs of which are borne by the recipient Governments and other donors, including UNEP. AGFUND's pledges to these projects vary from \$US 175,000 to \$US 950,000. Recently AGFUND pledged an additional \$US 750,000 to support three further environmental projects in Bahrain, Kenya and Nicaragua.

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2. Lessons learned

56. In the implementation of Governing Council decision 10/4 (see paras. 12-16 above), UNEP has identified specific subject areas and activities in which an exchange of information among developing countries could be fruitful for environmentally sound development, and has begun to compile a preliminary list of some of the sources of expertise and institutions in developing countries which could extend environment-related assistance to other developing countries. The interest and participation of AGFUND in supporting environmental projects in developing countries, as well as Argentina's example of one developing country providing environmental assistance to other developing countries, are pioneering steps that will, it is hoped be followed by other developing countries, individually or in groups. In particular, the development aid programmes currently administered by developing countries have special potential as a source of assistance, particularly in the form of technical co-operation and exchange of information, to other developing countries in addressing their environmental problems.

57. Through its Type D clearing-house activities, UNEP will continue to nurture and encourage such horizontal co-operation, in keeping with Council decision 10/4.

V. BUDGETARY CONSIDERATIONS

58. UNEP's clearing-house mechanism is currently staffed by four redeployed professionals and a consultant, supported by clerical and administrative staff. The four professionals consist of a co-ordinator, one staff member devoted to Types A and D clearing-house activities, another, with the consultant, to Types B and C, and the third to establishing and strengthening relationships with prospective donors.

59. As mentioned earlier, the Governments of Argentina, the Federal Republic of Germany, the Netherlands and Sweden, as well as AGFUND, are all contributing in one form or another to various types of clearing-house activities. To keep the momentum of the clearing-house mechanism going, additional funds will be required to finance consultants and technical teams to work with developing countries in formulating Type B and C strategies for dealing with serious environmental problems, and to help them to develop specific projects under those strategies that could then be put forward to donor countries. Funds will also be needed to identify and develop, in co-operation with developing countries, Types A and D project proposals for submission to potential donors. The Executive Director is of the opinion that the clearing-house experiment has got off to a very good start, but additional support is needed if the time, money and effort that have been invested to date are to bear fruit commensurate with the initial investment.

VI. CONCLUSIONS

60. At the request of the Governing Council at its tenth session, the Executive Director established within UNEP a clearing-house mechanism as an experiment. The Executive Director considers that, following an initial series of encouraging results, the clearing-house is not only a successful catalytic device for promoting environmental improvement in developing countries, but is proving to be also an effective and innovative financial mechanism.

61. The Executive Director notes that the clearing-house experiment has developed into more of a process than a fixed institution. Through each clearing-house activity, UNEP is working as a catalyst to develop constructive ways in which specific projects evolve to the point where they satisfy the requirements of both the donor and the recipient country. In the process, both countries develop working relationships and understandings that can lead to direct lines of assistance, with a reduced need for UNEP involvement. At that point, UNEP can shift its limited clearing-house resources to new environmental problems in other areas, thus beginning its catalytic role anew. To allow the clearing-house mechanism more flexibility and autonomy of action, the Executive Director is suggesting that it be established by the Governing Council as a Programme Activity Centre.
