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SPECIAL FUNDS AND PROGRAMMES

The Global Environment Facility, the Multilateral Fund for  
the Montreal Protocol programme, the Office to Combat  
Desertification and Drought and the United Nations Revolving  
Fund for Natural Resources Exploration

Report of the Administrator

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## INTRODUCTION

1. The present report covers the activities of the Global Environment Facility (GEF), the Multilateral Fund for the Montreal Protocol programme, the Office to Combat Desertification and Drought (UNSO) and the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE), with a final chapter on common issues. UNSO and UNRFNRE were established by the General Assembly and are administered by UNDP; GEF and the Montreal Protocol were established and are governed by separate external mechanisms with UNDP playing the role of implementing agency.
2. All environmentally related units and offices at UNDP headquarters, including those responsible for trust-funded programmes or other funding mechanisms, are located in the Sustainable Energy and Environment Division (SEED) of the Bureau for Development Policy (BDP). SEED was established in 1994 to strengthen significantly UNDP capacity to implement programmes to spearhead the achievement of Agenda 21.
3. SEED work supports UNDP overall efforts to help developing countries to design and carry out successful programmes that integrate the protection and the regeneration of the environment with the use of natural resources to reduce poverty, generate sustainable livelihoods, and advance the status of women.
4. The Global Environment Facility is a financial mechanism providing grant and concessional funds to developing countries for projects and activities to protect the world's environment. Responsibility for implementing the GEF is shared by UNDP, the United Nations Environment Programme (UNEP) and the World Bank. UNDP is broadly responsible for capacity-building and technical cooperation activities and for managing the Small Grants Programme. As one of the three implementing agencies of the GEF, UNDP brings projects before the GEF Council for consideration and approval. While approval is granted externally, UNDP rules and regulations apply fully to the implementation of projects. The GEF funds activities that address climate change, biodiversity, ozone-layer depletion and international waters. Land degradation - primarily desertification and deforestation - is also eligible for funding as it relates to each focus area. A report on mainstreaming global environmental issues into UNDP activities was presented to the GEF Council in October 1998 (GEF/C.12/4).
5. The Montreal Protocol programme is concerned with remedying ozone-layer depletion and has two components. The larger component is the Multilateral Fund (MLF) for the Implementation of the Montreal Protocol, which was established in 1990 to assist developing countries to meet their incremental costs in eliminating ozone-depleting substances. It is funded by developed countries in recognition of their original responsibility - now shared by developing countries - for the ozone-depletion problem. UNDP is one of four implementing agencies under the MLF, the others being UNEP, the United Nations Industrial Development Organization (UNIDO) and the World Bank. Projects are developed according to specific guidelines and are then submitted to the Fund Secretariat for review and subsequently to the MLF Executive Committee for approval. The smaller component comprises UNDP activities to remedy ozone-layer depletion

under the GEF, which covers projects in the Commonwealth of Independent States, which are not eligible under Multilateral Fund criteria.

6. The Office to Combat Desertification and Drought is the central entity within UNDP responsible for spearheading and supporting UNDP efforts to meet the challenges to sustainable human development posed by desertification and drought in all affected programme countries. UNDP has taken a strong interest in the Convention to Combat Desertification (CCD), which has now been ratified by over 130 countries and has entered into full implementation. With the Administrator as overall Fund Manager, projects and activities are developed and approved within the UNDP framework.

7. The United Nations Revolving Fund for Natural Resource Exploration was established as a trust fund and placed in the charge of the Secretary-General in 1973. The Administrator administers the Fund on behalf of the Secretary-General. The Fund has made tangible contributions by discovering new mineral deposits in developing countries over the last 25 years. Responding to the changing world of the mining industry and the role of the United Nations, the Fund is redirecting its activities to become a catalyst for the sustainable development of mineral resources in developing countries. This includes giving due attention to environmental aspects of mineral resource exploration and mining, and shifting upstream from traditional exploration activities to policy and institutional-support activities and information services. The Fund will, thus, focus attention on activities that have a direct and more immediate impact on poverty alleviation, job generation and environmental protection.

## I. GLOBAL ENVIRONMENT FACILITY

### A. Recent programme developments

8. The 164 GEF member States that gathered at the first GEF Assembly in April 1998 agreed to a \$2.75 billion replenishment, which will underwrite GEF operations until June 2002. The Assembly adopted the "New Delhi Statement", recognizing the unique role of the Facility and calling on it to accelerate its operations.

9. The GEF unit of UNDP has met its programming goals for each of the past three years and expects to do so again during fiscal year 1999, which began on 1 July 1998. The 260 full-sized GEF projects launched by UNDP since 1994 have mobilized over \$600 million in GEF financing. Each project combines GEF funding with resources from Governments and other donors to enhance the capacities of people and institutions to utilize the information, knowledge, and technology needed to harmonize protection of the global environment with the development of healthy local economies.

10. At the national level, UNDP-GEF Enabling Activity projects in 138 countries are steadily building the capacities needed by developing countries to prepare national inventories, strategies and action plans in response to the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity.

11. In line with the UNDP emphasis on cost-efficiency in the use of human resources, the Core Unit (including the Small Grants Programme) maintains nine professional staff and three long-term consultants. In addition, eight professional staff are outposted among the five regional bureaux serving as GEF regional coordinators. This level of staffing has remained the same for the past five years despite the continuing growth of the GEF work programme.

12. At the grass-roots level, the GEF Small Grants Programme, managed by UNDP, has built substantial local capacity and awareness in 46 different countries by funding over 1,000 projects since its inception. These small-scale endeavours respond simultaneously to the global environment and to the needs of local stakeholders. A recent independent evaluation found that the programme is often at the vanguard of building awareness of global environment issues, and recommended improvements in programme operations that led to a project document for a substantially expanded Small Grants Programme. This document was approved by the Council at its October 1998 meeting.

#### B. Programme resources: Approved allocations of projects

13. Any differences in portfolio distribution among the regions reflect the GEF requirement that projects respond to country and demand-driven processes rather than to a preselected allocation of resources. The portfolio breakdown shown in table 1 is continually evolving. It could appear quite different after a single GEF Council meeting since each work programme approval can alter the portfolio's regional or focal area distribution by 30 per cent or more.

14. The new medium-sized initiatives category is expected to generate 25 projects, each with an average budget of \$600,000, for a total of \$15 million annually.

Table 1. UNDP-GEF portfolio as of September 1998<sup>a</sup>

(Millions of dollars)

Region	Climate change	Bio-diversity	Inter-national waters	Ozone depletion	Multi-focal	Total
Africa	30.8	88.7	17.4			136.9
Asia and the Pacific	96.1	54.3	26.2			176.6
Arab States	22.5	47.5	17.3			87.3
Latin America and the Caribbean	34.3	74.1	2.8	1.9 <sup>b</sup>	15.2	128.3
Europe and the Commonwealth of Independent States	12.8	1.0	31.4	13.0 <sup>c</sup>		58.2
Global	20.2	3.2	3.5		0.5	27.4
Small Grants Programme					39.0	39.0
<b>Total</b>	<b>216.7</b>	<b>268.8</b>	<b>98.6</b>	<b>14.9</b>	<b>54.7</b>	<b>653.7</b>

<sup>a</sup> Not including co-financing.

<sup>b</sup> Research activity not covered by the Montreal Protocol.

<sup>c</sup> Countries in this region are not covered by Article V of the Montreal Protocol and hence are funded by the GEF and not the Multilateral Fund. See chapter II.

### C. Results and impact

15. The entire UNDP-GEF portfolio is subject to the annual project implementation review (PIR) exercise, which identifies key lessons learned. This information is then published and distributed to all headquarters, country office, and project personnel active in GEF project development or implementation for the continual improvement of portfolio performance. Some of the key lessons learned to date from the PIR include the need to: secure realistic counterpart contributions; limit the number of primary objectives; establish clear responsibilities for project execution; train project staff in UNDP operational procedures at the outset of implementation; involve the private sector in project consultations and decision-making; and encourage policy development and regulatory structures that first address whole ecosystem rather than national or municipal boundaries.

16. While UNDP-GEF projects are producing success stories around the world on an ongoing basis, precisely quantifying the extent of their success is a relatively new endeavour. Several workshops in the logical framework methodology have been held at the country and regional levels to instruct future project executors on ways to integrate evaluation indicators into project design. All GEF projects presented to UNDP are now required to use the logframe approach from the outset of project development. This should result in an accurate quantification of project impacts.

17. The following brief review of a few projects in the UNDP-GEF portfolio indicates the success being realized at the country and regional levels.

18. The regional project Pollution Prevention and Management in the East Asian Seas highlights the challenge of water pollution that has confronted the global community during 1998, the International Year of the Ocean. The project helped formulate favourable and consistent government policies that are encouraging private-sector involvement in the provision of environmental infrastructure and services. With public consultation and scientific input throughout the region now legally defined, conflicts among users are typically being resolved in ways that promote the sustainable use of the marine environment. Regional and local marine pollution management frameworks have been established to monitor land and sea-based sources of pollution. Integrated coastal management with the participation of a wide diversity of stakeholders is being employed at two demonstration sites.

19. Biodiversity Conservation in the Choco Biogeographic Region is a multifaceted project addressing the unparalleled plant and bird biodiversity of Colombia's Pacific coast - a region that also has the highest poverty rate in the nation. An extensive consultative process led to execution being distributed among eight national and local NGOs; 27 Afro-Colombian grass-roots organizations; four Indigenous People's groups; six universities; and two scientific research organizations.

20. The China Coalbed Methane recovery project introduced cutting-edge technologies to China that reduce methane emissions while providing hands-on experience valuable to other coal abundant countries. Lessons learned in China are now being applied to a similar project in India, which is the third largest coal producer in the world.

21. The African Birdlife project is providing assistance to a largely self-sustaining initiative that relies on local volunteers to preserve and maintain diverse sites crucial to birdlife and biodiversity throughout the African continent. The initiative has led to a range of actions in partnership with local constituents, from simple boundary demarcation to long-term, site-based conservation projects.

22. In Jordan, Conservation of the Azraq Protected Area has restored one of the world's great oasis ecosystems from a state of serious decline caused by massive extraction of water from its aquifers. A Jordanian NGO, the Royal Society for the Conservation of Nature, utilized GEF resources to prepare a comprehensive water management plan and undertake emergency restoration efforts that have allowed the Azraq Oasis wetland ecosystem to flourish once again.

23. The Viet Nam Biodiversity Project achieved major successes in drafting a national biodiversity action plan for the country and improving protected area management capabilities. Over 1,000 professionals have been trained in collaboration with top international NGOs and university programmes. A related project in Viet Nam, Protected Areas for Resource Conservation, was approved in 1998 with \$6 million from the GEF and \$25 million from UNDP.

## II. MONTREAL PROTOCOL PROGRAMME FOR THE PROTECTION OF THE GLOBAL OZONE LAYER

### A. Recent programme developments

24. As of September 1998, UNDP was assisting 62 developing countries in all regions to eliminate the use of ozone-depleting substances (ODS) and reverse the damage to the global ozone layer. UNDP is cooperating in national country programme formulation, technical training, demonstration projects, national capacity-building, and technology transfer investment projects in the aerosols, foams, solvents, refrigeration, methyl bromide (fumigation) and fire-extinguishing sectors.

25. During 1991-1993, UNDP concentrated on providing technical cooperation and on assisting countries to develop their national Montreal Protocol country programmes. However, since 1994, based on requests from both countries and the Multilateral Fund (MLF) Executive Committee, UNDP has been concentrating on technology transfer conversion projects since over 80 per cent of the Fund's resources are earmarked for those activities. UNDP coordinates closely with the United Nations Industrial Development Organization (UNIDO) and the World Bank, with each agency making the maximum use of its comparative advantages. UNDP coordinates regularly with the United Nations Environment Programme (UNEP) by participating in and making presentations at UNEP-organized semi-annual network meetings of ODS government officers from eight subregions: French-speaking Africa; English-speaking Africa; West Asia; South-East Asia; South Asia; South America; Central America; and the Caribbean.

26. The Programme is managed by the Montreal Protocol Unit (MPU). The small staff of five professionals work with support staff and a number of sector and national experts. Institutional-strengthening and some technical cooperation programmes and investment projects are executed directly by Governments. UNDP country offices play a critical role in project and programme implementation.

27. The Programme contributes to two key UNDP goals: (a) the protection and regeneration of the environment and (b) the protection of jobs and livelihoods of those involved in small-scale operations whose businesses would become uncompetitive without this assistance.

### B. Programme resources

28. Total funding for the Multilateral Fund Programme has amounted so far to \$1.29 billion: \$240 million for 1991-1993; \$510 million for 1994-1996, and \$540 million for 1997-1999. About 80 per cent is normally collected, with

arrears mainly from countries in Eastern Europe and the Commonwealth of Independent States, who are experiencing severe economic difficulties. By August 1998, a total of \$715.8 million had been allocated to eliminate 119,493 ODP tonnes (about one half of total consumption in developing countries).

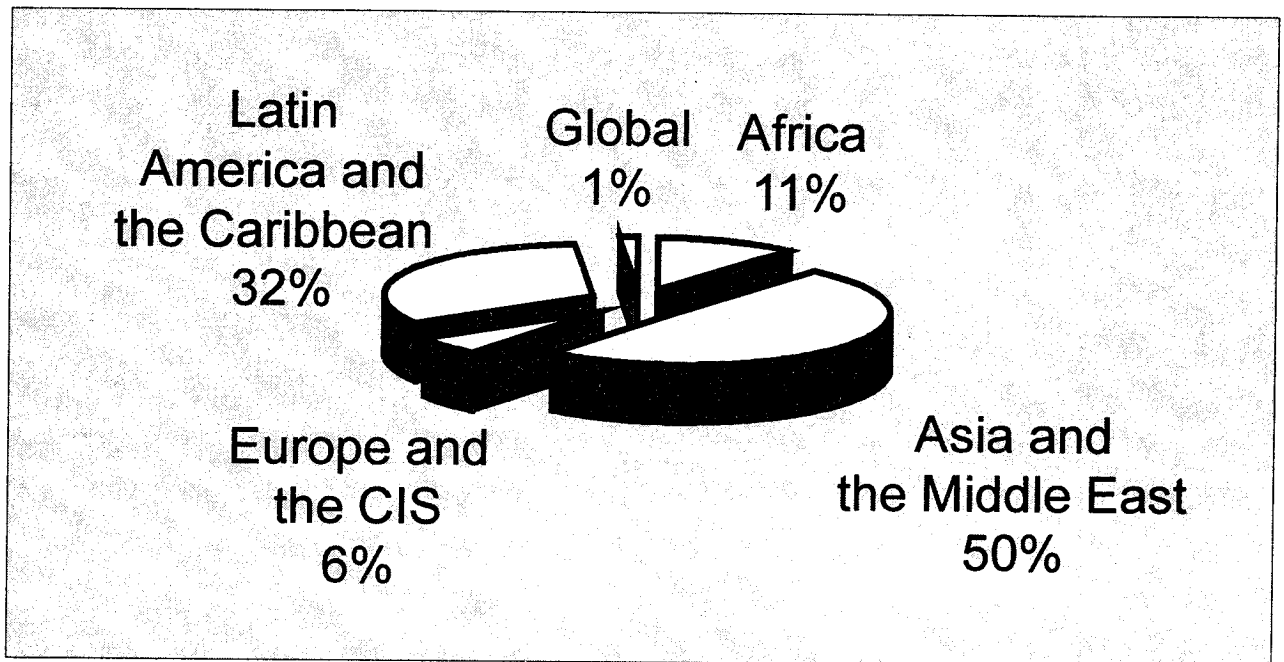
29. The UNDP portfolio as of August 1998 comprises 800 projects with approved budgets of \$215.76 million, of which \$109.8 million (51 per cent) has already been disbursed. Of these project approvals, 94 per cent are under the Multilateral Fund and 6 per cent under the GEF. The UNDP programme will eliminate 27,346 ODP tonnes of ozone-depleting substances or about one quarter of the total approvals under the Multilateral Fund. Of this amount, UNDP projects have already eliminated 9,087 tonnes. Owing to the technical complexity of the conversion process, three quarters of the programme are executed by the United Nations Office for Project Services (UNOPS) at the request of the Governments concerned; national execution accounts for the remaining 25 per cent. All national capacity-building projects are under national execution.

30. The breakdown by sector is: foams (43.1 per cent) and refrigeration (38.3 per cent), which together account for four fifths of the UNDP programme; solvents (4.1 per cent); aerosols (3.1 per cent); halons for fire-extinguishing (1.6 per cent); and methyl bromide alternatives (0.4 per cent). The remaining 9.4 per cent covers technical cooperation, national capacity-building, training and demonstration programmes. In 1998, UNDP initiated a new programme to find alternatives for the use of methyl bromide in agriculture; approximately 5 per cent of UNDP funding will go to that new sector in 1999 with small decreases in the foam and refrigeration sector shares.

# Graph 1

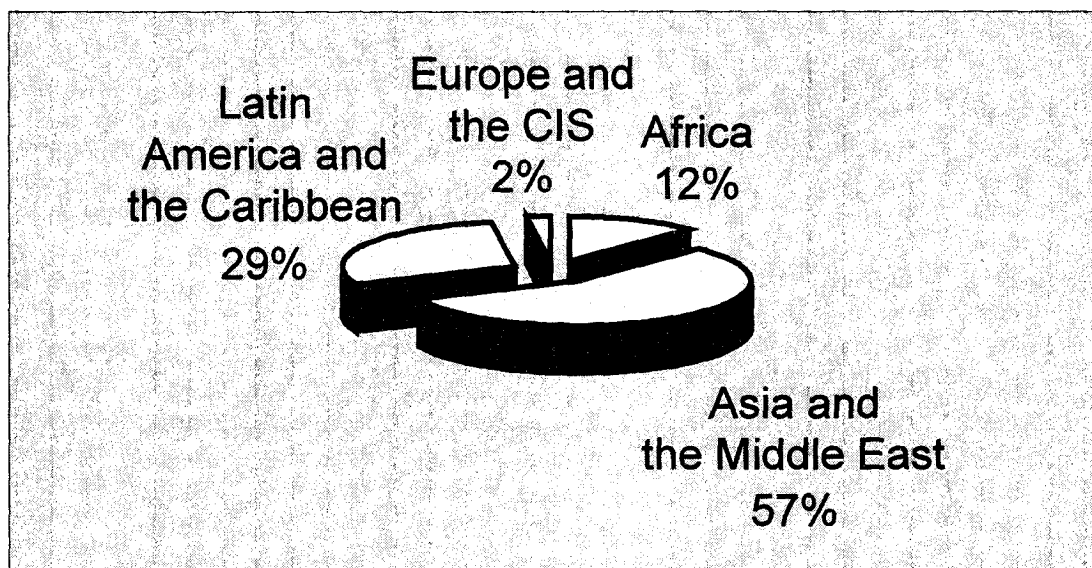
## APPROVED PROJECT BUDGETS BY REGION

(TOTAL: \$215.8 Million)



## Graph 2

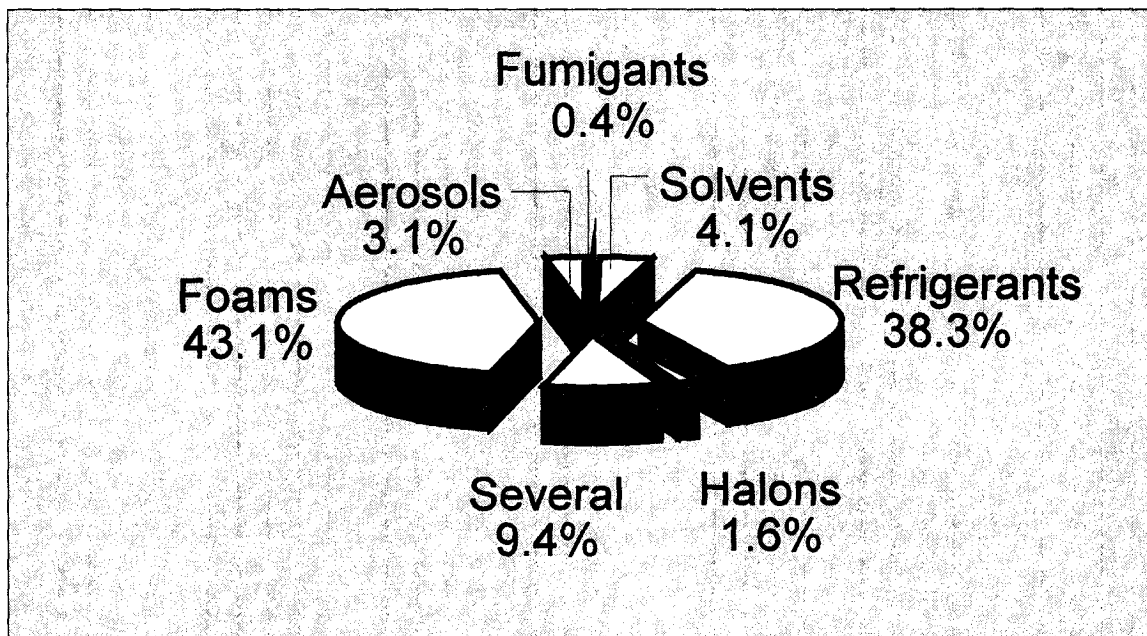
### ODP TONNES BY REGION (TOTAL: 27,346 ODP TONNES)



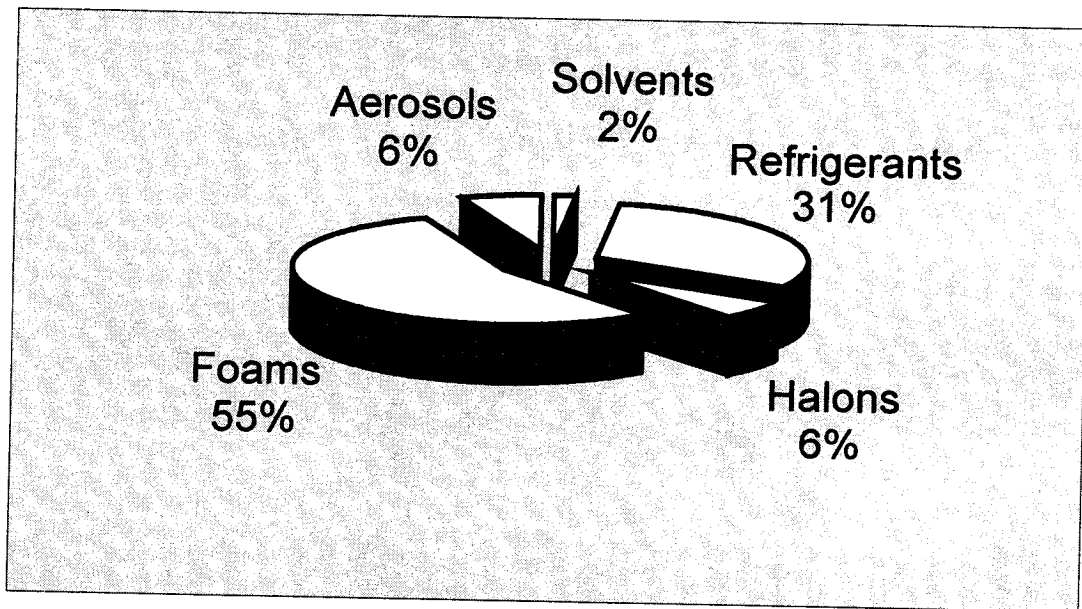
Regional shares of the UNDP cumulative programme are:

	<u>Percentage</u>	<u>Number of countries</u>
Africa, including North Africa	10.7	19
Asia/Pacific, including West Asia	49.7	14
Latin America/Caribbean	32.5	20
Commonwealth of Independent States	5.7	9
Global programme	1.4	

### Graph 3 APPROVED PROJECT BUDGETS BY SECTOR



### Graph 4 ODP TONNES BY SECTOR



### C. Results and impact

31. The Montreal Protocol has proved to be a flexible regime, evolving over time in response to new developments in science and technology. It has been used as a model for other international environmental agreements. The flexibility built into the Protocol in the form of its review process for targets and amendments has allowed continuous evolution to respond to changes in both scientific evidence and technological developments. The limits on supply imposed by the control schedules have encouraged the rapid development of cost-effective alternatives, which in turn have helped to reduce demand. The growth in concentrations of ODS chemicals in the stratosphere has slowed and if the Montreal Protocol control regimes are fully implemented, global ozone levels should gradually recover after the year 2000 with the Antarctic ozone hole finally closing around 2050. The evolving phase-out schedules and trade provisions have encouraged developing countries to move faster than required and eliminate ODS-using technologies. The next three-year replenishment of the Multilateral Fund will take place in late-1999 and further replenishments are expected until 2010.

32. The results of UNDP activities include:

(a) Montreal Protocol country programmes. Thirteen programmes, valued at almost \$5 billion, were prepared with UNDP cooperation and approved by the Executive Committee: Bangladesh, China, Costa Rica, Cuba, India, Indonesia, Iran (Islamic Republic of), Kenya, Philippines, Sri Lanka, Trinidad and Tobago, Uruguay and Venezuela - amounting in total to almost \$5 billion. Country programmes contain the framework under which individual conversion projects are designed, approved and implemented;

(b) Project completions. As of September 1998, UNDP completed 350 projects of the total 800 approved. Of this number, UNDP completed a total of 165 technology transfer conversion projects in 22 countries, eliminating a total of 9,087 ODP tonnes/year. The remaining balance of 185 completed projects comprise training, technical cooperation, project preparation and demonstration projects, as well as assistance provided in Montreal Protocol country programme preparation.

(c) Project impact. These 165 completed technology conversion projects have resulted in the following:

- (i) Twelve foam projects in 12 countries have eliminated CFCs used as blowing agents in the production of flexible foam (e.g., mattresses, seat cushions), rigid foam (e.g., thermos flasks, refrigerator panels, pipe insulation, cold storage rooms), integral skin foam (e.g., moulded plastic furniture) and polystyrene foam (e.g., styrofoam containers);
- (ii) Thirty-four refrigeration projects in 13 countries have eliminated CFCs used for cooling in the production of refrigerators, ice boxes and cold storage displays;

- (iii) Twelve solvent sector projects in 4 countries that have eliminated ozone-depleting chemicals used for cleaning of radios, TV picture tubes, computer circuit boards, car bumpers, and other metal cleaning;
- (iv) Four aerosol projects in 4 countries that have replaced CFCs used as aerosol propellants in hairsprays, deodorant cans, perfumes and other uses;
- (v) Three halon projects in 2 countries that have replaced halons used in portable fire extinguishers and in building and airport fire protection systems with alternatives that do not destroy the ozone layer;

(d) Private sector involvement. UNDP has 479 conversion projects amounting to \$175 million, most of which are private sector enterprises, thus making the Montreal Protocol programme the largest UNDP involvement with the private sector;

(e) UNDP leadership. UNDP completed the first 10 conversion projects under the Multilateral Fund; UNDP also completed the first conversion projects in Brazil, China, Egypt, Guatemala, India, Jamaica, Malaysia, Mauritius, Mexico, Morocco, Panama, Philippines, Sri Lanka and Uruguay;

(f) National capacity-building. UNDP has 21 ongoing institutional-strengthening projects that are developing governmental capacity to direct and monitor national efforts to meet the ODS elimination provisions of the Montreal Protocol. These 21 projects in Argentina, Bangladesh, Brazil, China, Colombia, Costa Rica, Cuba, Ghana, India, Indonesia, Iran (Islamic Republic of), Kenya, Malaysia, Mexico, Nigeria, Pakistan, Sri Lanka, Thailand, Trinidad and Tobago, Uruguay and Venezuela, have budgets amounting to \$9 million, of which \$4.9 million has already been disbursed;

(g) Small countries. Although recognizing the higher costs involved, UNDP had programmes in 29 low-ODS consuming countries, primarily in Africa and Latin America and the Caribbean. This ensures that smaller countries are not left at a competitive disadvantage;

(h) Bilateral programmes. At the request of the Governments of Australia, Denmark, Germany, Sweden and the United States, UNDP is implementing selected bilateral programmes for ozone-layer protection. These programmes are ongoing and amount to \$1.77 million;

(i) Innovative approaches for small-scale enterprises. UNDP developed, and the Executive Committee approved, eight innovative approaches to eliminate ODS consumption in small and medium-sized enterprises (SMEs): umbrella projects in Brazil, Egypt, Guatemala, India, Malaysia, Mexico, Paraguay, and the Philippines. These SMEs often comprise critical sectors in many developing countries, accounting proportionately and in total for more employees than in larger companies. The innovation comprises the design and implementation approach for such projects - discounts on bulk purchases, technology transfer mainly by national experts, and adaptation of technology to small enterprise

needs. This process helps to ensure sustainable livelihoods by helping prevent small enterprise bankruptcies during the conversion process;

(j) Recognition of UNDP achievements. The MPU staff received Certificates of Meritorious Service for the Protection of the Ozone Layer, presented by the UNEP Executive Director in September 1997 at the tenth anniversary of the adoption of the Montreal Protocol in Montreal. UNDP/Manila received a United States Environmental Protection Agency award in November 1997 in recognition of its leadership in protecting the earth's ozone layer, with specific reference to a solvents sector programme that channelled private sector expertise to help small and medium-scale enterprises to convert to non-CFCs. Teamwork played a critical role in the success of the programme.

### III. OFFICE TO COMBAT DESERTIFICATION AND DROUGHT

#### A. Recent programme developments

33. In accordance with Executive Board decision 95/6, the United Nations Sudano-Sahelian Office, established by the General Assembly in 1973, was renamed the Office to Combat Desertification and Drought, while keeping the acronym UNSO. The work of the Office was refocused in three ways:

(a) Geographic expansion from the Sudano-Sahelian zone to the whole of Africa, Latin America and the Caribbean, Asia, the Commonwealth of Independent States and Arab States;

(b) Move from downstream project activities to upstream policy and institutional support in the context of the implementation of the Convention;

(c) Integration into UNDP as the unit responsible for leading the organization's work in desertification control and dryland management in all affected regions.

34. In the light of the change of mandate reflected above, UNSO work has been reorganized and a number of programmes and corresponding sets of activities have been developed to support the implementation of the International Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification (CCD) at national, subregional and global levels.

35. Since 1995, some 49 countries have received catalytic financial assistance and technical cooperation from UNSO to support CCD implementation (see table 2).

Table 2. Countries receiving technical support and catalytic financial support from UNDP/UNSO in the context of the CCD

Africa (23 countries)	Arab States (7 countries)	Commonwealth of Independent States (5 countries)	Latin America and the Caribbean (12 countries)	Asia and the Pacific (2 countries)
Benin	Djibouti	Kazakhstan	Argentina	China
Botswana	Jordan*	Kyrgyzstan	Bolivia	Mongolia
Burkina Faso	Lebanon	Tajikistan	Brazil	
Cameroon	Morocco	Turkmenistan	Chile	
Cape Verde	Sudan	Uzbekistan	Dominican Republic	
Chad	Syria		Ecuador	
Eritrea	Tunisia*		Haiti	
Ethiopia			Honduras	
Gambia			Mexico*	
Ghana			Nicaragua	
Kenya			Paraguay	
Malawi			Peru	
Mali				
Mauritania				
Mozambique				
Niger				
Senegal				
Swaziland				
Tanzania				
Togo				
Uganda				
Zambia				
Zimbabwe				

\* No catalytic financial support.

B. Programme resources

36. UNSO is managing the Trust Fund to Combat Desertification and Drought, established by the Administrator in 1995 to complement core resources with a view to enhancing UNDP support to the implementation of the CCD world-wide. Total contributions to date amount to \$14.5 million (table 3). Pursuant to the General Assembly resolution on Urgent Action for Africa, the bulk of support has gone to this region.

37. From its previous mandate, UNSO has continued to backstop a sizeable project portfolio amounting to a total volume of some \$19 million. Most of the projects are operationally closed with 14 to be completed during the next few years. In the future, activities at the local level will be supported in the programmatic framework of the national action programme (NAP) process.

38. During the reporting period, the Office went through a significant down-sizing of some 50 per cent: from 25 to 12 professional staff. UNSO maintains two technical support projects, in Kenya and Burkina Faso, to ensure timely and close technical backstopping to the affected countries and to subregional efforts. Similar arrangements are being considered for the other regions.

Table 3. Contributions to the Trust Fund to Combat Desertification and Drought (1995-1998)

	<u>\$</u>
Australia	868 297
Benin	3 000
Burkina Faso	3 350
Denmark	4 814 156
Finland	1 579 785
France	500 000
Ghana	10 000
Inter-American Development Bank	65 327
Italy	92 308
Lesotho	1 574
Luxembourg	591 000
Monaco	12 659
Namibia	1 500
Netherlands	941 565
Norway	3 672 728
Portugal	25 000
South Africa	5 000
Sweden	924 245
Switzerland	401 374
United States	36 700
Zambia	1 000
Zimbabwe	501
Others	<u>4</u>
Total	14 551 073

### C. Results and impact

39. With support from UNSO, 49 countries have been able to launch the implementation of the Convention and 11 have held their first stakeholder forum meetings. Many have integrated the NAP process with other strategic frameworks and have defined and strengthened institutional support mechanisms. National focal points (NFP) for the Convention have been strengthened, particularly in their ability to manage multi-stakeholder planning processes. Countries have thus been able to initiate functional partnerships between Governments, civil society and external partners. Priority programmes focusing on efforts to combat desertification and drought at local levels are being developed.

40. Support to NAP processes focuses on policy and institutional development, including sharing of conceptual approaches, resource and advocacy materials, and training. About 20 per cent of funds allocated by UNSO to support NAP activities serve to strengthen effective participation of non-governmental and community-based organizations. In addition to continued technical backstopping at the country level, UNSO, with various partners, has organized capacity-building workshops for national CCD focal points, UNDP Sustainable Development Advisers and NGOs at the regional level for 25 African countries, 15 countries in Western Asia, 8 countries in Central Asia, and several in the Latin America and Caribbean region. National United Nations Volunteers have been placed in 13 countries in Africa. This initial support has laid the ground for dealing effectively with desertification and drought in the long run.

41. Pilot programmes and thematic initiatives have been developed and supported, particularly at the national level as complementary elements in the respective NAP processes:

(a) National desertification funds respond to the need to mobilize and channel resources effectively to support local activities. The design phase has been initiated in 32 countries; some countries are close to establishing the fund. The funds will strengthen access of local communities to financial resources to support priority activities in combating desertification;

(b) Drought preparedness and mitigation (DPM) programmes, which aim to strengthen national and local planning and drought response capacities are being piloted so far in El Salvador, Mozambique and Swaziland and through subregional drought mitigation strategies in Southern and Eastern Africa. An assessment of the status of DPM in sub-Saharan Africa has been completed, providing a basis for strengthening country capacities;

(c) Environmental information systems have been established to provide reliable data for decision making. Cape Verde, Eritrea, Gambia, Mali, Niger, Senegal, the United Republic of Tanzania and, more recently, China have received direct support, including support to resolve cross-sectoral data issues, increased awareness and institution-building for information management;

(d) Community-based pilot programmes to support local initiatives aimed at promoting access to small grant resources for priority actions have been launched in Eritrea, Kenya, Lesotho, Malawi, Sudan, Swaziland, Uganda, United Republic of Tanzania and Zimbabwe;

(e) The transfer of local knowledge through farmer innovators has been the focus of a pilot programme in Kenya, Uganda and the United Republic of Tanzania: Promoting Farmer Innovation in Rain-fed Agriculture. At least 50 per cent of the farmers benefiting from the programme are women;

(f) Four technical consultations on pastoral development, facilitated by UNSO, have advanced knowledge for promoting programme components in the context of action programmes.

42. Concept development for the implementation of the CCD has been a significant component of UNSO guidance in all of the above programmes for action at both the country and subregional levels.

43. At the subregional level, support has been provided for the subregional action programme processes. In Africa, the four subregional institutions (the Intergovernmental Authority for Drought and Development, the Permanent Inter-State Committee on Drought Control in the Sahel, the South African Development Community, and the Arab Maghreb Union) are leading the process. In Latin America, the countries in the Gran Chaco Americano and Puna regions cooperate on issues regarding shared ecosystems. Priority programme areas and funding sources and mechanisms are being identified and arrangements for coordination and exchange of information put in place. This has helped to address the management of transboundary resources, networking and sharing of experiences and learning and other issues.

44. Global initiatives support the implementation of the Convention at all levels:

(a) The Global Mechanism has been established to promote resource mobilization for the CCD. While the mechanism is being housed within the International Fund for Agricultural Development (IFAD), the First Conference of Parties (COP I) conferred two major roles on UNDP: (i) designation of Managing Director of the Global Mechanism and (ii) substantively buttressing the work of the Global Mechanism in a collaborative institutional arrangement involving IFAD and the World Bank. The Facilitation Committee for coordinating the support of UNDP, IFAD, and the World Bank to the Global Mechanism is now in place. UNDP hosted the second meeting of the Facilitation Committee in July, at which time it was decided to expand membership of the Committee to include four regional development banks, the GEF secretariat and the Managing Director of the Global Mechanism;

(b) UNSO has been able to contribute in raising awareness and building commitment through a strong advocacy role in various forums; emphasis on advancing and sharing knowledge; targeted distribution of information notes, advocacy kits, visual and resource materials; and the sponsoring of special events such as those in the context of World Day to Combat Desertification;

(c) A strong emphasis has been placed on partnership-building and effective participation. A strategy and 12-month plan of action to strengthen the role of women in the implementation of the CCD on all levels was developed in collaboration with the International NGO Network on Desertification.

Technical and financial support is provided to strengthen NGO networking, and for organizing national, subregional, regional and global RIOD meetings;

(d) In collaboration with UNEP, UNSO is assisting in a survey and evaluation of existing networks and institutions working on desertification for the Committee on Science and Technology, as requested by COP I. In addition, a matrix of indicators and a methodology on benchmarks and indicators to assess the implementation of the Convention is being developed with the CCD secretariat, the Sahara/Sahel Observatory and others.

45. Several overall challenges are being faced:

(a) As a country-driven process, the implementation of the CCD varies from country to country, and this has affected the pace of delivery of UNSO support to the affected countries. This problem is being addressed by locating technical resources closer to the regions, e.g., in Burkina Faso and Kenya;

(b) Resources to the Trust Fund have not increased sufficiently to expand support to regions other than Africa at the needed and desired level. Donors have not yet responded fully to the new role and global mandate of UNSO;

(c) There is a need to develop new and appropriate approaches to fit the conditions of the new regions. Despite this, support to Latin America and the Caribbean, Asia, the Commonwealth of Independent States and the Arab States has increased.

#### IV. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

##### A. Recent programme developments

46. There has been a considerable change in the mining industry over the last 30 years. As the mining industry changes, so must the United Nations institutions change in delivering technical cooperation and advisory services within the mining sector. It has become apparent that multidisciplinary technical solutions are called for to foster sustainable human development. At the same time, there is now a growing recognition that a focus on environmental issues relating to mining is essential for sustainable development. UNRFNRE is, therefore, redirecting its activities to focus on addressing environmental issues relating to the mining sector.

47. At present, the Fund is seeking more diversified activities under the concept of sustainable development. For this purpose, the Fund is aiming to:

(a) Shift from activities of pure mineral exploration to promote a multidisciplinary technical cooperation approach to national resource development;

(b) Shift from traditional high-cost exploration activities to low-cost activities with high impact in UNDP focus areas, including broader contributions to the environment in developing countries;

(c) Promote partnerships with external organizations to reduce project expenditures;

(d) Promote cross-cutting activities within the focus areas of UNDP.

48. This new direction will include activities to complement the UNDP spectrum of natural resource interventions. Consistent with the UNDP corporate goal, the Fund perceives a niche in which it can utilize its resources to make strategic interventions in the minerals sector while furthering the goals of poverty eradication, job creation and environmental protection. In October 1998, the Fund held a workshop in New York on the sustainable development of non-renewable natural resources towards the twenty-first century. The aim of the workshop was to demonstrate the evolving and expanding mission of the United Nations in the fields of non-renewable natural resources, to share information and to establish a vertical and horizontal network to facilitate future partnerships among external organizations.

#### B. Programme resources

49. UNRFNRE project expenditures amounted to 0.611 million for 1997. The voluntary contributions for 1997 amounted to 0.133 million, representing a sharp decrease from 1.339 million for 1996, owing to the receipt of a major donor's remittance of its 1997 contribution (1.0 million) only in 1998. The financial picture of the Fund is presented in table 4.

50. Recognizing the size of its financial resources, the Fund will allocate resources to those requests which, with limited resources, can have a direct and more immediate impact on poverty reduction, job generation and environmental protection. Priority will be given primarily to activities in the mineral sector that relate to environmental issues, consistent with the UNDP focus areas.

Table 4: Resource availability and utilization: UNRFNRE

(In millions of US dollars)

	Actual 1997	Estimated 1998
Resources available		
Opening balance as of 1 January	3.97	3.14
Additional resources received		
Voluntary contributions	0.13	1.69
Interest and other income	<u>0.21</u>	<u>0.20</u>
Total	4.31	5.03
Use of resources	<u>1.53</u>	<u>1.95</u>
Resource balance as of 31 December	<u>2.78</u>	<u>3.08</u>

### C. Results and impact

51. With a portfolio of economic mineral discoveries (Bolivia, Guatemala, Honduras, Peru, Philippines and the United Republic of Tanzania) that can be put into production in the future, the Fund continued to monitor the actions taken by the private mining companies towards bringing these discoveries into production. The mining right of gold deposits in Peru discovered by the Fund was sold to a Brazilian company for \$5 million. Production is expected to start in the near future. The Fund was successful in discovering a major gold deposit in the United Republic of Tanzania that is being investigated further by an international mining company. Production is expected in late 1999. The Fund continued to provide assistance to countries where discoveries were made in the form of legal advice and help in preparing international bidding documents aimed at stimulating interest of the private mining companies.

52. The current projects in Mozambique and Sri Lanka will contribute significantly to the recipient Governments. In 1997, a completed offshore project in Sri Lanka identified 400 million cubic metres of heavy mineral sands. In 1998, multidisciplinary technical cooperation has started in Mozambique. This pilot project is aimed at the recovery of a valuable mineral (tantalite) from old mining dumps in addition to reclamation activities and on-the-job training in order to resume the potential production of minerals by local people with minimal impact on the environment. The Fund also provided assistance to the Government of Suriname to evaluate an environmental impact assessment submitted by a private mining company for the development of a gold mine.

53. The Fund published four guidebooks in 1998 for environmentally sound mining activities in close collaboration with external organizations. These guidebooks were disseminated to more than 50 developing countries through UNDP country offices in order to share technology information. At the same time, through the United Kingdom-based firm, Mining Journal Books Limited the Fund has also made available on a commercial basis (CD-ROM) the mining legislative frameworks in Asian countries on a commercial basis to attract potential investors in the private sector.

54. The small-scale and artisanal mining sector is an entry point for the Fund to promote an integrated and multidisciplinary approach to natural resource management. The new direction of the Fund reflects the new challenges of linking to food security (small-scale mining of rock phosphates to improve soil fertility), water management (mercury abatement in Suriname) and sustainable livelihoods (artisanal and/or small-scale mining and community issues).

### V. COMMON ISSUES

55. The four trust-funded programmes, together with the other environmentally related trust-funded programmes such as Capacity 21, contribute important components to UNDP efforts to integrate environment and natural resource management into programming at the country level. As part of BDP, the trust-funded programmes contribute to the role of the Bureau in developing innovative processes and strategies, policy-making tools and the dissemination

of experiences that take account of both the need for poverty reduction and sound environmental management.

56. Mainstreaming. A common element in the trust-funded programmes is the great emphasis they place on mainstreaming their activities with country programmes as well as integrating the activities of each fund with those of other funds and programmes. For example, an increasing number of country cooperation frameworks (CCFs) indicate attention to dryland management and the implementation of the CCD. A recent study showed that some 23 per cent of 113 countries surveyed had included desertification-related components. UNDP core resources have been leveraged at country level for dryland activities, for example, in Brazil, Burkina Faso, Chad, China, Mali and the United Republic of Tanzania. UNSO has initiated close collaboration with the regional bureaux and programmes are being developed with other UNDP units, e.g., with SEPED on poverty reduction and livelihoods, the United Nations Development Fund for Women and the Gender-in-Development Programme on gender, and the Emergency Resource Division (ERD) on Drought Preparedness and Mitigation.

57. In order to provide advice on allocation of in-country resources, UNDP/GEF staff regularly attends meetings to review advisory notes, CCFs programme outlines and project documents. They also regularly review the project pipelines of each Regional Bureau in order to identify potential joint projects. As a result, several UNDP projects have been reoriented as a result of GEF participation. There is also very close collaboration between the GEF, the Energy Programme and country offices in the area of mitigating climate change and introducing new, alternative energy technology.

58. Close attention is also paid to the changes mandated in the UNDP 2001 process. In an effort to decentralize the expertise under the trust-funded programmes, staff and consultants have been placed in regional bureaux, in country offices and in regions in order to give technical support for project development and implementation close to the user. An important aspect of this effort is the sharing of lessons learned throughout the lifetime of the programmes.

59. Partnerships and resources. The trust-funded programmes have been a vital factor for resource mobilization, the building of partnerships and coordination of development activities with NGOs, civil society and United Nations specialized agencies. UNSO, for example, has forged partnerships with a wide range of organizations, including United Nations specialized agencies, subregional organizations, regional development banks, and multilateral and bilateral organizations and research institutions. The partnerships have helped concerned organizations to forge a common vision on how best to support the implementation of the CCD, to increase synergies and enhance the knowledge based on desertification issues. For the Montreal Protocol, NGOs have played an essential part in the international negotiations on ozone-layer protection. They monitor the implementation process of the Montreal Protocol, develop information campaigns to raise public awareness on ozone issues, and pressure Governments and industry to cut ODS production more quickly. The Small Grants Programme under the GEF has served as a model for involving NGOs and local community partners in programme development and implementation.

60. Capacity-building. Inherent in all trust-funded programmes is the commitment to build capacity and create an enabling environment encompassing technologies, policy dialogue, legislation and awareness. Through this, they contribute to the implementation of the mandate given to UNDP in Agenda 21. Following UNCED, Capacity 21 was established specifically to help UNDP to fulfil its mandate; its efforts are well complemented by those of the other trust-funded programmes. Under the Montreal Protocol, UNDP has 22 ongoing national institutional-strengthening projects in all regions, which are developing government capacity to direct and monitor national efforts to meet commitments under the Protocol. UNDP-GEF enabling activity projects are steadily building capacities in 138 countries to prepare national inventories, strategies and action plans in response to the United Nations Framework Convention for Climate Change and the Convention on Biological Diversity. UNDP also provides support to engage in international climate change negotiations. Each of the 260 UNDP-GEF projects strives to enhance in-country human capacity to utilize the information, knowledge and technology necessary to halt the degradation of the global environment.

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