

# Means of Implementation

## Chapter 33

### Financial resources and mechanisms

The General Assembly, in resolution 44/228 of 22 December 1989, *inter alia*, decided that the Conference on Environment and Development should:

- a Identify ways and means of providing new and additional financial resources, particularly to developing countries, for environmentally sound development programmes and projects in accordance with national development objectives, priorities and plans and to consider ways of effectively monitoring the provision of such new and additional financial resources, particularly to developing countries, so as to enable the international community to take further appropriate action on the basis of accurate and reliable data;
- b Identify ways and means of providing additional financial resources for measures directed towards solving major environmental problems of global concern and especially of supporting those countries, in particular developing countries, for which the implementation of such measures would entail a special or abnormal burden, owing, in particular, to their lack of financial resources, expertise or technical capacity;
- c Consider various funding mechanisms, including voluntary ones, and to examine the possibility of a special international fund and other innovative approaches, with a view to ensuring, on a favourable basis, the most effective and expeditious transfer of environmentally sound technologies to developing countries;
- d Quantify the financial requirements for the successful implementation of Conference decisions and recommendations and identify possible sources, including innovative ones, of additional resources.

This chapter deals with the financing of the implementation of Agenda 21, which reflects a global consensus integrating environmental considerations into an accelerated development process. For each of the other chapters, the secretariat of the Conference has provided indicative estimates of the total costs of implementation for developing countries and the requirements for grant or other concessional financing needed from the international community. These describe the need for a substantially increased effort both by countries themselves and by the international community.

**Basis for action** Economic growth, social development and poverty eradication are the first and overriding priorities in developing countries and are themselves essential to meeting national and global sustainability

objectives. In light of the global benefits to be realized by the implementation of Agenda 21 as a whole, the provision to developing countries of effective means, *inter alia*, financial resources and technology, without which it will be difficult for them to fully implement their commitments, will serve the common interests of developed and developing countries and of humankind in general, including future generations.

The cost of inaction could outweigh the financial costs of implementing Agenda 21. Inaction will narrow the choices of future generations.

For dealing with environmental issues special efforts will be required. Global and local environmental issues are interrelated. The United Nations Framework Convention on Climate Change and the Convention on Biological Diversity address two of the most important global issues.

Economic conditions, both domestic and international, that encourage free trade and access to markets will help make economic growth and environmental protection mutually supportive for all countries, particularly for developing countries and countries undergoing the process of transition to a market economy (see chapter 2 for a fuller discussion of these issues).

International cooperation for sustainable development should also be strengthened in order to support and complement the efforts of developing countries, particularly the least developed countries.

All countries should assess how to translate Agenda 21 into national policies and programmes through a process that will integrate environment and development considerations. National and local priorities should be established by means that include public participation and community involvement, promoting equal opportunity for men and women.

For an evolving partnership among all countries of the world, including, in particular, between developed and developing countries, sustainable development strategies and enhanced and predictable levels of funding in support of longer term objectives are required. For that purpose, developing countries should articulate their own priority actions and needs for support and developed countries should commit themselves to addressing these priorities. In this respect, consultative groups and roundtables and other nationally based mechanisms can play a facilitative role.

The implementation of the huge sustainable development programmes of Agenda 21 will require the provision to developing countries of substantial

*Climate change, biodiversity, water scarcity and pollutants no longer recognise borders. International cooperation, access to financial resources and technology, to markets and to clean production technologies are key aspects of change. Mexico allocates about one per cent of its annual national product to environmental restoration and has created several ecological reserves to protect Mexico's biodiversity, one of the four richest on the planet. We recognise our serious environmental problems, but we are committed to a future of clean growth. We must build a new future conciliating justice and the environment as conceived by the ancient indigenous peoples of our country. We will make it reality, for our children and the children of our children.*

**Carlos Salinas de Cortari**  
President  
Mexico

new and additional financial resources. Grant or concessional financing should be provided according to sound and equitable criteria and indicators. The progressive implementation of Agenda 21 should be matched by the provision of such necessary financial resources. The initial phase will be accelerated by substantial early commitments of concessional funding.

#### Objectives

- a** To establish measures concerning financial resources and mechanisms for implementation of Agenda 21.
- b** Provision of new and additional financial resources should be both adequate and predictable.
- c** Full use and continuing qualitative improvement of funding mechanisms to be utilized for the implementation of Agenda 21 should be sought.

**Activities** Fundamentally, the activities of this chapter are related to the implementation of all the other chapters of Agenda 21.

**Means of implementation** In general, the financing for the implementation of Agenda 21 will come from a country's own public and private sectors. For developing countries, particularly the least developed countries, ODA is a main source of external funding, and substantial new and additional funding for sustainable development and implementation of Agenda 21 will be required. Developed countries reaffirm their commitments to reach the accepted United Nations target of 0.7 per cent of GNP for ODA and, to the extent that they have not yet achieved that target, agree to augment their aid programmes in order to reach that target as soon as possible and to ensure a prompt and effective implementation of Agenda 21. Some countries agree or have agreed to reach the target by the year 2000. It was decided that the Commission on Sustainable Development would regularly review and monitor progress towards this target. This review process should systematically combine the monitoring of the implementation of Agenda 21 with a review of the financial resources available. Those countries which have already reached the target are to be commended and encouraged to continue to contribute to the common effort to make available the substantial additional resources that have to be mobilized. Other developed countries, in line with their support for reform efforts in developing countries, agree to make their best efforts to increase their level of ODA. In this context, the importance of equitable burden-sharing among developed countries is recognized. Other countries, including those undergoing the process of transition to a market economy, may voluntarily augment the contributions of the developed countries.

Funding for Agenda 21 and other outcomes of the Conference should be provided in a way which maximizes the availability of new and additional resources and which uses all available funding sources and mechanisms. These include, among others:

#### **A The multilateral development banks and funds:**

- a** International Development Association (IDA). Among various issues and options that IDA Deputies will examine in the forthcoming 10th Replenishment, special consideration should be given to the statement made by the President of the International Bank for Reconstruction and Development at the Conference in plenary meeting in order to help the poorest countries meet their sustainable development objectives as contained in Agenda 21.
- b** Regional and subregional development banks. The regional and subregional development banks and funds should play an increased and more effective role in providing resources on concessional or other favourable terms needed to implement Agenda 21.
- c** The Global Environment Facility, managed jointly

by the World Bank, UNDP and UNEP, whose additional grant and concessional funding is designed to achieve global environmental benefits should cover the agreed incremental costs of relevant activities under Agenda 21, in particular for developing countries. Therefore, it should be restructured so as to *inter alia*:

- i** Encourage universal participation;
- ii** Have sufficient flexibility to expand its scope and coverage to relevant programme areas of Agenda 21, with global environmental benefits, as agreed;
- iii** Ensure a governance that is transparent and democratic in nature, including in terms of decision-making and operations, by guaranteeing a balanced and equitable representation of the interests of developing countries, as well as giving due weight to the funding efforts of donor countries;
- iv** Ensure new and additional financial resources on grant and concessional terms, in particular to developing countries;
- v** Ensure predictability in the flow of funds by contributions from developed countries, taking into account the importance of equitable burden-sharing;
- vi** Ensure access to and disbursement of the funds under mutually agreed criteria without introducing new forms of conditionality;
- B** *The relevant specialized agencies, other United Nations bodies and other international organizations*, which have designated roles to play in supporting national Governments in implementing Agenda 21;
- C** *Multilateral institutions for capacity-building and technical cooperation*. Necessary financial resources should be provided to UNDP to use its network of field offices and its broad mandate and experience in the field of technical cooperation for facilitating capacity-building at the country level, making full use of the expertise of the specialized agencies and other United Nations bodies within their respective areas of competence, in particular UNEP and including the multilateral and regional development banks;
- D** *Bilateral assistance programmes*. These will need to be strengthened in order to promote sustainable development;
- E** *Debt relief*. It is important to achieve durable solutions to the debt problems of low- and middle-income developing countries in order to provide them with the needed means for sustainable development. Measures to address the continuing debt problems of low- and middle-income countries should be kept under review. All creditors in the Paris Club should promptly implement the agreement of December 1991 to provide debt relief for the poorest heavily indebted countries pursuing structural adjustment; debt relief measures should be kept under review so as to address the continuing difficulties of those countries;
- F** *Private funding*. Voluntary contributions through non-governmental channels, which have been running at about 10 per cent of ODA, might be increased.
- G** *Investment*. Mobilization of higher levels of foreign direct investment and technology transfers should be encouraged through national policies that promote investment and through joint ventures and other modalities.
- H** *Innovative financing*. New ways of generating new public and private financial resources should be explored, in particular:
  - a** Various forms of debt relief, apart from official or Paris Club debt, including greater use of debt swaps;
  - b** The use of economic and fiscal incentives and mechanisms;
  - c** The feasibility of tradeable permits;
  - d** New schemes for fund-raising and voluntary contributions through private channels, including non-governmental organizations;
  - e** The reallocation of resources presently committed to military purposes.

A supportive international and domestic economic climate conducive to sustained economic growth and development is important, particularly for developing countries, in order to achieve sustainability.

The secretariat of the Conference has estimated the average annual costs (1993-2000) of implementing in developing countries the activities in Agenda 21 to be over \$600 billion, including about \$125 billion on grant or concessional terms from the international community. These are indicative and order of magnitude estimates only, and have not been reviewed by Governments. Actual costs will depend upon, *inter alia*, the specific strategies and programmes Governments decide upon for implementation.

Developed countries and others in a position to do

so should make initial financial commitments to give effect to the decisions of the Conference. They should report on such plans and commitments to the United Nations General Assembly in the Fall of 1992 at its forty-seventh session.

Developing countries should also begin to draw up national plans for sustainable development to give effect to the decisions of the Conference.

Review and monitoring of the financing of Agenda 21 is essential. Questions related to the effective follow-up of the Conference are discussed in chapter 38. It will be important to review on a regular basis the adequacy of funding and mechanisms, including efforts to reach agreed objectives of this chapter, including targets where applicable.