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**Economic and Social Commission for Western Asia**

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Item 11 of the provisional agenda

**MOBILIZATION OF EXTRABUDGETARY RESOURCES****A. ESCWA POLICY ON THE MOBILIZATION OF EXTRABUDGETARY RESOURCES**

1. In the review of the 1976-1977 work programme conducted during its second Session, the ECWA secretariat noted that the resources provided by the regular budget were not sufficient to meet work programme needs. It concluded that, if all the projects requested for the region were to be implemented, extrabudgetary funds should be identified and allocated.
2. To this end, the Commission authorized the Executive Secretary and the Chairman of the second session to hold a conference with member States in order to investigate ways and means of establishing a fund, financed from voluntary contributions, for the extrabudgetary financing of projects in the Commission's work programmes and meeting requests by member States for studies and regional advisory services.
3. In its resolution 33 (III) of 14 May 1976, the Commission decided to establish a Voluntary Fund and called upon the Executive Secretary to utilize the resources of the fund to finance services in the various fields of economic and social development in favour of the least-developed States members of the Commission.
4. In response to resolution 33 (III), the establishment of the Voluntary Fund (subsequently known as the Trust Fund for the Operation of ESCWA in Beirut) was approved by the Secretary-General.
5. In its resolution 45 (IV) of 28 April 1977 concerning the financial status of the Commission's programmes and the strengthening of the Voluntary Fund, the Commission urged member States to make voluntary contributions towards the financing of the programmes of the Commission, or the financing of specific projects considered to be of importance by the contributing State. The Commission called upon the Executive Secretary to submit a financial statement of the Voluntary Fund for the approval of the Commission at each session and, six months before the date scheduled for the holding of its session, to invite member States to determine the amount of their contributions to the Fund.
6. In its resolution 79 (VII) of 22 April 1980 on the strengthening of the Financial Contributions Account, the Commission extended the range of activities to be financed by the Fund to include surveys and statistical research, analytical studies and training and consultant services in all economic and social sectors and subsectors.
7. Contributions received between 1975 and December 1997 from the Governments of member States, national funds and the Arab Fund for Economic and Social Development amounted to only US\$ 1,023,864. Other contributions were made by the Governments of France (French Trust Fund) and the Netherlands (Netherlands Trust Fund). Unfortunately, neither Fund has been replenished since 1991.

8. In addition to the above-mentioned funds, which were for general ESCWA activities, other extrabudgetary funds, to finance specific activities, have been provided by the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the Arab Gulf Programme for United Nations Development Organizations (AGFUND), the Centre of Arab Women for Training and Research (CAWTAR), the Islamic Development Bank and the World Bank.

9. Overall, other regional commissions use extrabudgetary resources in order to finance their activities to a far greater extent than ESCWA does. The problem faced by ESCWA in this respect is twofold: firstly, its member States, unlike those of other regional commissions, are not regular donors. During the 1975-1983 oil boom, for example, the funds donated by member States amounted to only \$1 million. Secondly, other donors, and developed countries in particular, are reluctant to make their contributions to ESCWA commensurate with those to other regional commissions because they feel that the region is rich and their donations should be made to countries which are in greater need of assistance.

10. Resolution 197 (XVII) of 31 May 1994 recommended to the United Nations Economic and Social Council (ECOSOC) that the permanent headquarters of ESCWA should be relocated from Amman, Jordan, to Beirut. The Council agreed, provided that the transfer was financed within existing resources and primarily from extrabudgetary contributions. Accordingly, ESCWA resolution 207 (XVIII) of 25 May 1995 called on member States to take measures to support the Secretary-General in his efforts to secure the necessary resources for the implementation of resolution 197 (XVII). Four member States responded, namely, Kuwait, Lebanon, Saudi Arabia and the United Arab Emirates, pledging \$ 0.5 million, \$ 1 million, \$ 1 million and \$ 0.3 million respectively. In 1997, the Secretary-General approved the request for the establishment of the Trust Fund for the Operation of ESCWA in Beirut. In 1997, Kuwait and Lebanon contributed \$ 1.5 million to this Fund. Remaining costs were covered by savings from the regular budget. In 1999 both Saudi Arabia and the United Arab Emirates agreed to honour the amount pledged to cover the cost of the ESCWA move by allocating resources to support ESCWA activities.

11. In view of new funds being received by the Trust Fund for ESCWA Regional Activities, the Executive Secretary has established a committee to examine projects to be financed by this Fund. To date the committee has approved three such projects, taking into consideration the following criteria:

- (a) The project has a strong bearing on the Commission's regular work programme;
- (b) The project is potentially beneficial to ESCWA member States;
- (c) The project aims to strengthen cooperation and coordination with other United Nations agencies and non-governmental organizations (NGOs) in the region, and
- (d) The project has actual and/or potential co-sponsors.

#### B. REPORT ON THE USE OF EXTRABUDGETARY RESOURCES

12. During the period 1999-2000, the ESCWA Trust Fund for Regional Activities financed the projects described below:

##### 1. *Enhancing the ESCWA Role at the Doorstep of the Twenty-First Century*

13. This project represents the outcome of and follow-up to the recommendations of two important events that took place in 1999, namely:

- (a) The regional hearing in preparation for the Millennium Assembly of the United Nations, which was held on 23 and 24 May 1999;
- (b) The adoption in May 1999 by the ESCWA twentieth session of the Beirut Declaration.

14. Both events emphasized the need to elaborate a comprehensive vision for the future of the region in terms of economic and social development and in view of the worldwide process of globalization and its consequences and implications. The essence of this vision was accurately reflected in the Beirut Declaration, in which a major undertaking was proposed, namely, to use actual and potential issues as the basis for a plan of action for ESCWA, with the aim of furthering its role in the economic and social development of member States in the light of current international and regional changes.

15. The project objectives and strategy were defined and the following three implementation phases proposed:

(a) *Phase one*: The ideas raised by both the regional hearings and the Beirut Declaration were further examined in a brainstorming meeting attended by a number of prominent experts, thinkers and public figures. This phase took place during the period 23-25 February 2000. Three major dimensions were defined as the basis for furthering the role of ESCWA and promoting development in the region, and it was decided that three in-depth studies on those dimensions should be prepared by ESCWA, as follows:

- (i) The material dimension: this study examines the potential of the natural resources of the region, using an integrated approach to assess the feasibility of using the relatively abundant energy resources to overcome the problem of limited water resources, applying appropriate technology while protecting the environment;
- (ii) The cultural dimension: this study highlights the importance of cultural values in development;
- (iii) The institutional dimension: this study underlines the importance of having the right institutional framework for development;

(b) *Phase two*: The recruitment of a team of consultants to prepare the three above-mentioned studies. This phase has also been also completed;

(c) *Phase three*: On 7 and 8 December 2000, a conference was held in order to discuss the findings and conclusions of the three studies. More than 60 participants from different Arab countries and regional and international organizations attended the conference. The studies generated fruitful discussions and a lively exchange of views. During the conference, two papers on cultural values and development and the institutional framework for development were discussed and the following conclusions were reached:

- (i) Culture should be considered as an important area for investment, in order to create and develop productive human resources. Positive and stimulating cultural values that can promote development should be encouraged;
- (ii) The first step is to establish modern education system at a high standard, which recognizes the value of critical thinking, up-to-date knowledge and freedom;
- (iii) Full cooperation should be established between the State, the private sector and the organizations of civil society;
- (iv) Governance systems conducive to development should be promoted. Such systems should be consistent with the Terms of Reference and take account of the Universal Declaration of Human Rights and the Charter of the United Nations;
- (v) While the specific conditions relating to the historical heritage of the region must be respected, consensus based on the common interests of the people, regardless of the diversity of their social and religious origins, should be pursued.

16. During the conference, a study on the potential of the region's natural resources was also discussed, and the following issues were highlighted:

(a) The challenges facing the region with respect to the insufficiency of surface and groundwater resources and the lack of national water policy and planning. The study highlighted the fact that by 2015, Iraq will be the only Arab country unaffected by water shortages;

(b) Problems relating to water quality and the dangers of pollution;

(c) Lack of reliable data on water resources;

(d) In view of its potential as the major solution to the water problem, more serious studies should be prepared on desalination.

17. In this regard, three scenarios were formulated for the region as a whole as well as for the individual member States of ESCWA. These scenarios, described below, included energy requirements, the selection of appropriate technology and financial costs.

(a) *High Rate Development (HRD) Scenario*

(i) *Requirements*

The Government will successfully implement planned agriculture expansion. At the same time, the efficiency of irrigation systems will be enhanced, plans to rehabilitate old networks will be completed, laws and regulations will be consolidated and implemented and modern technology will be used to contribute to environmental protection.

(ii) *Assumptions*

The country is safely utilizing surface and groundwater resources. Treated municipal waste-water is used in the agriculture sector and fresh water is reallocated to the domestic and industrial sectors. ESCWA countries have concluded agreements to increase their share in transboundary rivers. The country is capable of providing desalinated water for municipal purposes and encourages investment by the private sector.

(b) *Business As Usual (BAU) Scenario*

(i) *Requirements*

The Government will implement plans for the expansion of agriculture on a limited scale. The efficiency of irrigation systems and plans for the rehabilitation of networks will improve slightly. The current pollution of water resources will continue, as will the serious deterioration of surface and groundwater resources caused by obsolete technology.

(ii) *Assumptions*

The country is fully utilizing surface water. Groundwater resources are not safely exploited. Treated waste-water is used for restricted agricultural purposes. ESCWA countries conclude agreements to maintain their share of transboundary rivers. The Government is the sole source of investment for clean drinking water plants.

(c) *Most Likely Scenario*

The HRD and BAU scenarios represent opposite ends of a scale. In the most likely scenario, development growth is moderate and requirements are moderate.

18. The study made four main recommendations:

(a) The Commission must create an integrated database on energy, water and environmental issues. It will therefore be essential for ESCWA to promote networking between the various information systems of the countries of the ESCWA region;

(b) Work must continue on the development of a mathematical model for determining quantitative water needs, the relationship to energy and environmental effects, based on accurate and precise estimations and the integrated analysis of all alternatives and scenarios. This should be promoted by ESCWA as of major interest;

(c) A comprehensive study of groundwater resources in the countries of the ESCWA region is essential;

(d) National and regional programmes to adapt and develop desalination technology in the countries of the ESCWA region must be promoted in view of the fact that desalination will play a decisive role in securing sufficient water for those countries' future needs. Endeavours to promote technology transfer, capacity-building and the development of desalinated water networks should be therefore integrated by ESCWA in order to achieve the maximum benefit for the countries of the region.

*2. The Future Role of Oil in the Economies of ESCWA Member States: Market Stability and the Implications of the World Trade Organization (WTO) Agreements*

19. On 3 and 4 October 2000, ESCWA and the Arab Society for Economic Research (ASER) jointly organized a seminar entitled "The Future Role of Oil in the Economies of ESCWA Member States: Market Stability and the Implications of WTO Agreements". It was attended by more than 50 participants, including high-level officials, economic experts, public figures and representatives of NGOs and private-sector organizations. The holding of the seminar was justified by two important considerations, namely:

(a) The impact of world market oil price fluctuations on the revenues of oil-exporting countries in the region;

(b) The implications of the newly-established international trading system, the WTO agreements, for the future of the oil sector and oil-based industries in respective ESCWA member States.

20. In order to examine various aspects of these problems and elaborate a set of recommendations for future ESCWA work programmes, five papers were prepared by international consultants and ESCWA staff and exhaustively discussed at the seminar. Furthermore, Mr. Ahmad Zaki Yamani, former Minister of Petroleum of Saudi Arabia and current Chairman of the London-based Centre for Global Energy Studies, addressed the seminar and put forward for discussion a number of important ideas and suggestions.

21. The studies and discussions undertaken by the participants contained very important recommendations on how to deal with the problems of oil-market instability as well as the effects on oil industries of accession to WTO. Special emphasis was placed on the need to diversify and reform the economic structure of the respective States in order to create new sources of income and reduce their heavy dependency on oil revenue.

22. With regard to the WTO agreements, the seminar concluded that the ESCWA secretariat should exert further endeavours in order to follow up the implications for the economies of oil-exporting countries in the ESCWA region of those agreements and other possible trade negotiations.

3. *The Expert Panel on Information Technology and Development Priorities: Competing in a Knowledge-based Global Economy, organized by the Sectoral Issues and Policies Division and held on 15 and 16 May 2000*

23. In 2000, the high-level segment of ECOSOC adopted the theme of "Development and international cooperation in the twenty first-century: the role of information technology in the context of a knowledge-based global economy". As part of the preparatory process, the President of the Council encouraged the regional Commissions to convene meetings in order to discuss the specificities of the issue in each region and to reflect the results in their contributions to the report of the Secretary-General. As, counter to the hopes of the President of ECOSOC, no ESCWA member State expressed its readiness to host it, the meeting was held in Lebanon and financed by the ESCWA Trust Fund.

24. The final report of the expert panel emphasized the fact that the changes that took place in the world during the last decade of the twentieth century created a climate of increased competition, coupled with the disappearance of trade barriers, more stringent intellectual property regimes and much greater concern for the environment. These same changes are gradually transforming the role of Governments and increasing the call for NGOs and business institutions to play a more prominent role in socio-economic development. These developments will undoubtedly pose serious challenges for socio-economic efforts in ESCWA member States.

25. The importance of technological capabilities in socio-economic development has become increasingly clear. Information technology (IT), in particular, together with recent developments in telecommunications, offer immense opportunities for promoting and accelerating socio-economic development in the developing and least-developed countries. Capabilities in a number of areas, including distance learning, e-commerce and modern networking and management will directly affect national competitiveness and productivity as well as integration into the global marketplace. In addition, new medical care systems and modern methods for monitoring natural resources and the environment will increasingly affect living standards and resource conservation. Finally, well-distributed and properly managed IT and telecommunications capabilities will significantly further a participatory approach to governance.<sup>1</sup>

26. The panel placed special emphasis on the following themes:<sup>2</sup>

- (a) IT and the knowledge-based global economy;
- (b) The status of information and communications technologies in selected ESCWA member States;
- (c) Capacity-building in priority areas of information and communications technologies;
- (d) Emerging issues in information and communications technologies and their applications.

27. Twenty-five experts from six ESCWA member States took part in the panel. Independent consultants from France and the United States of America were also present, as were ITC specialists from Government departments, NGOs, business enterprises and representatives of a number of United Nations specialized agencies.

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<sup>1</sup> For more information see document: E/ESCWA/TECH/2000/1 of 30 June 2000.

<sup>2</sup> Ibid.