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**ECONOMIC COMMISSION FOR EUROPE**

**WORLD HEALTH ORGANIZATION  
REGIONAL OFFICE FOR EUROPE**

Meeting of the Parties to the Convention on the  
Protection and Use of Transboundary Watercourses  
and International Lakes

and

Meeting of the Signatories to the Protocol on Water  
and Health to the Convention

Working Group on Water and Health

Sixth meeting  
Geneva, 31 May – 2 June 2006  
Item 6 of the provisional agenda

**RESOURCES REQUIRED TO IMPLEMENT THE PROGRAMME OF WORK AND  
ESTABLISHMENT OF TRUST FUNDS UNDER THE PROTOCOL**

Note by the secretariat \*

1. At its fifth meeting the Working Group discussed possibilities to mobilize and manage the resources required for the implementation of the programme of work under the Protocol and requested the secretariat to prepare a draft decision for the first meeting of the Parties on the establishment of trusts funds for the Protocol.

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\* This document was submitted on the above date owing to a lack of human resources in the secretariat. This document has not been formally edited.

2. The present document has been prepared by the UNECE secretariat. Annex I contains background information on the financial arrangements established under the UNECE Conventions, the joint UNECE/WHO-EURO programme on transport, health and environment and considerations about the financial arrangements under the Protocol.

3. Annex II contains a draft decision by the Meeting of the Parties based on Decision III/2 adopted by the Meeting of the Parties to the Water Convention in 2003, Decision I/13 adopted by the Meeting of the Parties to the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention) in 2002, and the comments expressed by the Working Group at its fifth meeting.

4. The Working Group may wish to discuss and finalize the text of the draft decision for submission to the first meeting of the Parties.

Annex I

**FINANCIAL ARRANGEMENTS UNDER UNECE CONVENTIONS AND  
UNECE-WHO/EURO JOINT PROGRAMME**

**I. General considerations for UNECE Conventions**

1. The Executive Secretary of UNECE provides secretariat functions for all environmental conventions and protocols negotiated under the auspices of UNECE. For the Protocol on Water and Health, the secretarial functions are, according to Art. 17, jointly carried out by the Executive Secretary of UNECE and the Regional Director of the WHO Regional Office for Europe.
2. Some resources are provided by UNECE from the United Nations regular budget to service each convention and protocol. These cover the costs of some professional staff, secretarial support, office space and equipment. The United Nations regular budget contributions also cover the costs of the provision of conference services by the United Nations Office at Geneva, including meeting rooms and interpretation, and the costs of the processing and distribution of official documents and publications.
3. In the case of the Protocol on Water and Health, also WHO-EURO provides some resources from its regular budget to cover in particular the costs of some professional staff, secretarial support, office space and equipment.
4. Notwithstanding this support from the regular budget, all of the UNECE conventions and protocols rely to varying degrees upon extra budgetary sources of funding. This is provided in the form of mandatory or voluntary contributions by the Parties, paid into specifically established trust funds.
5. Three types of funding mechanisms are used for UNECE conventions and protocols:
  - a) Mandatory contributions to a central fund (the EMEP Protocol<sup>1</sup> to CLRTAP<sup>2</sup>);
  - b) Voluntary contributions to a central fund (a mechanism used by the Water Convention, CLRTAP, the Espoo Convention,<sup>3</sup> the Industrial Accidents Convention<sup>4</sup> and the Aarhus Convention); and
  - c) Direct sponsorship on a voluntary basis by countries of particular activities in the workplan (the Water Convention).<sup>5</sup>

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1 Protocol on Long-term Financing of the Cooperative Programme for Monitoring and Evaluation of the Long-range Transmission of Air Pollutants in Europe (EMEP).

2 The Convention on Long-range Transboundary Air Pollution.

3 The Convention on Environmental Impact Assessment in a Transboundary Context.

4 The Convention on the Transboundary Effects of Industrial Accidents.

6. Each type of arrangement with its particular mechanism or mix of mechanisms has its advantages and disadvantages, which are discussed below.

## **II. Financial Arrangements under the Water Convention**

7. The Water Convention's workplan was initially implemented by Parties that, on a voluntary basis, provided resources for the implementation of the activities. This scheme had the advantage of fully involving the Parties, but posed limitations to the activities that Parties with economies in transitions and non-Parties could lead. Furthermore the system requested continuous ad hoc fund-raising to adapt to changing conditions and new activities and it did not link the financing of activities with their priority.

8. In order to overcome these constraints the Parties adopted, during their third meeting (26–28 November 2003), decision III/2 (see document ECE/MP.WAT/15/add.1, annex II available at [www.unece.org/env/documents/2004/wat/ece.mp.wat.15.e.add1.pdf](http://www.unece.org/env/documents/2004/wat/ece.mp.wat.15.e.add1.pdf)) making arrangements for the establishment of a trust fund. Contributions to the trust fund are provided on voluntary basis and they provide the Convention with a “tool to meet demands in a flexible way and to allow for a transparent management of financial resources”. The trust fund was established to support the Water Convention as well as its protocols for the interim period between the signature and entry into force.

## **III. Financial arrangements under the Transport, Health and Environment Pan-European Programme (The PEP)**

9. The Transport, Health and Environment Pan-European Programme was set up in June 2002 to address key challenges to achieve more sustainable transport patterns and a closer integration of environmental and health concerns into transport policies. The programme is jointly agreed and implemented by the UNECE member states and the WHO/Europe member states representatives to fill a gap in international response to threats posed to human health and environment by transport. The PEP Steering Committee is the principal decision-making body for the implementation of The PEP. It operates under the authority of the High-level Meeting on Transport, Environment and Health to promote, coordinate and monitor the implementation of the PEP work plan. It is responsible for giving guidance and strategic directions to the PEP. The PEP secretariat functions are jointly carried out by UNECE and WHO/EURO. Both organizations make available some regular budgetary resources to fund some of the activities under PEP work programme. The rest is pledged on a voluntary basis by donor countries into two separate and independent funds of WHO/EURO and UNECE. The secretariat gives guidance to donor countries on which part of the work programme is implemented by each organization, in order for them to provide earmarked funds to the relevant organization. This approach has proven effective within each organization, but some drawbacks were experienced when funds

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<sup>5</sup> See also the report “Financial Arrangements for Convention Secretariats during the Interim Period and on a Permanent Basis: Precedents in Multilateral Environmental Agreements” (A/FCTC/INB6/INF.DOC/3 at [www.who.int/gb/fctc/PDF/inb6/einb6id3.pdf](http://www.who.int/gb/fctc/PDF/inb6/einb6id3.pdf)) prepared by WHO for the Intergovernmental Negotiating Body on the WHO Framework Convention on Tobacco Control.

needed to be moved from one organization to the other to provide financial support for joint activities.

#### **IV. Elements for financial arrangements under the Protocol**

##### **A. General principles**

10. In preparing a decision on financial arrangements, the Working Group may wish to consider for inclusion in the preamble underlying principles of financial arrangements. These could include elements such as stability, certainty, transparency, predictability, accountability and a fair sharing of the burden.

##### **B. Mandatory versus voluntary contributions**

11. One of the first questions that the Working Group and eventually the Meeting of the Parties will need to address is whether a scheme of financial arrangements established under the Protocol should be mandatory or voluntary. The tendency in recent years has been towards voluntary schemes, but some mandatory schemes (e.g. under the EMEP Protocol) remain in place, and therefore their merits and demerits deserve consideration.

12. Mandatory funding mechanisms are a stable and predictable source of financing and should, in theory, be able to ensure full coverage of the required resources. They can ensure that the burden of costs is distributed fairly among the Parties. In some countries, their legally binding nature may streamline the internal process of releasing funds for their designated use.

13. On the other hand, legally obligatory mechanisms require considerable time and resources to prepare, not least because their legally binding nature may make them more difficult to negotiate. The national laws or policies of some countries may not allow them to enter into international agreements that require mandatory financing. Furthermore, a legally binding mechanism generally involves a process whereby Parties must individually ratify the financing agreement before it enters into force for them and entry into force anyway is only after a specified number of ratifications take place; this may take months or years following the adoption of the agreement.

14. A mandatory mechanism would generally not extend beyond the Parties to the treaty to cover non-Party Signatories and other observer States or entities.

15. Some Parties to the Convention have argued that they could not accept an obligation to commit as much money under a mandatory scheme as they might actually contribute under a voluntary scheme, precisely because the former is mandatory, and that in practice a mandatory scheme might yield less revenue, at least from their countries.

16. Funding through voluntary contributions to a trust fund is a more flexible approach, with the resulting advantages and disadvantages. A collective decision of the Parties putting a scheme in place can have immediate effect without any need to wait for ratifications to accumulate.

Some Parties have said that voluntary contribution schemes simplify internal decision-making procedures concerning funding and enable the use of funds that would not otherwise be available. A voluntary scheme does not need to be limited to Parties.

17. On the other hand, schemes based wholly on voluntary contributions make the forecasting of revenue less reliable and place a greater burden on the planning and implementation of programme activities. Some Parties have argued that voluntary schemes would result in smaller amounts of funds being given to the instrument, due to competition from other, obligatory demands placed upon state budgets. Experience with the current voluntary schemes shows that even the core budgetary needs have never been fully covered by the voluntary contributions from the Parties though this fact is open to different interpretations.

18. The previous paragraphs indicate not only that there are different arguments for and against mandatory and voluntary schemes, but that their impacts might be different in different countries due to differences in domestic decision-making processes.

19. The possibility of a hybrid system, with a mandatory component and a voluntary component, has a logical appeal and may be worth considering as a “best of both worlds” option. Such a system might cover core or essential requirements through mandatory contributions by Parties, and a wider range of non-core activities either through a scheme of voluntary contributions by Parties, Signatories and other entities or through earmarked subsidizing of particular activities by certain countries.

20. If the option of a mandatory scheme were to be pursued, the form of the instrument would need to be considered. A pragmatic approach would be to amend the Protocol in such a way that it required Parties to contribute an amount that would be set and periodically revised by consensus through decisions of the Meeting of the Parties at successive sessions, thereby combining the legal requirement to contribute with the flexibility for the Meeting of the Parties to adjust the actual amount to be contributed in line with changing requirements.

21. In any case, given the discussions at the previous meetings of the Working Group, the option of a voluntary scheme seems to be the only one that may achieve the Parties’ consensus in the short term.

### **C. Who should contribute?**

22. Any arrangement involving a scheme of mandatory contributions would probably apply only to the Parties to the Protocol, or as many of them as chose to ratify the financing agreement. (Theoretically it could be possible for a State to become a Party to a financing agreement linked to the Protocol without being a Party to the Protocol itself, but this is not likely.)

23. A voluntary contribution scheme could allow for contributions both by Parties and by non-Parties, even if these contributions were not necessarily covered by the same conditions. This would take advantage of the willingness of donor countries and private philanthropy to make further contributions.

24. Contributions in kind made by Parties to the instrument could be correlated with activities of the work programme in order to be counted towards discharging whatever commitments Parties have under the scheme. Contributions in kind made by non-Parties could also be taken into account.

#### **D. How much should be contributed?**

25. One option is to adopt a scheme of financial arrangements that provides no guidance as to how much any given Party should contribute. The scheme under the Convention falls into this category.

26. If the scheme is to provide guidance on or (in the case of a mandatory scheme) prescribe how much any given Party should contribute, then the question arises as to which scale should be used. An obvious scale is the United Nations scale of assessments, though theoretically it would be possible to use a different scale. A scheme based on the United Nations scale of assessments, whether on a voluntary or a mandatory basis, would involve using the budget corresponding to the elements of the work programme as a starting point. But in this case the burden of costs would be shared according to the United Nations scale of assessments for Parties and other States having opted to participate in the scheme. The scheme could set a minimum amount for any contribution, taking into account the costs of processing the contribution. It could also set a maximum percentage of the total budget that any Party may contribute.

#### **E. What could the financial mechanism fund?**

27. The main objective of a financial mechanism under the Protocol could be to cover the costs of the activities under the work programme, or at least the core activities, if a distinction between core and non-core is made. Other activities would not necessarily be covered by these financial arrangements, and countries could contribute to these on an ad hoc basis.

28. The scheme of financial arrangements would cover the costs of holding sessions of the Meeting of the Parties and any subsidiary bodies (Working Groups, Task Forces, etc.) established under its auspices, to the extent that these are not covered by the regular budget, expenditure on activities addressing the substantive issues of implementation, capacity-building, as well as the costs of secretariat staff not covered by the regular budgets on UNECE and WHO-EURO.

29. The scheme could accommodate contributions made in cash or in kind. Contributions in kind would presumably have to correlate with activities of the work programme in order to count towards discharging the commitment (whether voluntary or mandatory) under the scheme.

#### **F. Management, monitoring and reporting**

30. The secretariat could be mandated to manage the funds in accordance with the decisions of the Parties and the Bureau, to monitor the expenditure of the funds and to prepare a report on

how contributions to the Protocol have been spent and which countries have contributed to the budget of the Protocol and to related activities. The report could reflect contributions in kind made in accordance with the work programme.

31. In managing the funds, priority would be given to financing “priority” or “core” elements of the work programme, taking into account the need to provide the secretariat and the Bureau with some flexibility in making financial decisions.



Annex II

**DRAFT DECISION ON THE ESTABLISHMENT OF TRUST FUNDS UNDER THE  
PROTOCOL**

The Meeting of the Parties,

Recalling its decisions I/[X] on the programme of work for 2007-2009,

Recognizing that effective implementation of the Protocol depends, inter alia, on the availability of sufficient financial and human resources,

Believing that the need for stable and predictable sources of funding, a fair sharing of the burden, transparency and accountability should be the guiding principles of any financial arrangements established under the Protocol,

Determined to ensure that the necessary resources are available for implementing the core elements of the work programme,

[Believing that a voluntary scheme of contributions by Parties and other States or regional economic integration organizations can provide an effective and workable solution in the short to medium term,

Convinced that, in the longer term, the levels of contributions should be based upon the United Nations scale of assessments or other appropriate scales, and that consideration should be given to establishing stable and predictable financial arrangements, ]

1. Establishes two trust funds for voluntary contributions from Parties, Signatories and other States to support the promotion and effective implementation of the Protocol. One trust fund will be managed by the UNECE secretariat in accordance with the established United Nations Financial Rules and Regulations. The second one will be managed by WHO-EURO in accordance with [WHO financial rules].

2. Decides that the two trust funds can be used, inter alia, for:

(a) Support to the participation of experts and representatives of countries in transition, especially the countries in South-Eastern Europe and in Eastern Europe, Caucasus and Central Asia in the sessions of the Meeting of the Parties, in the meetings of its subsidiary bodies and in workshops, seminars, symposia and other informal forums organized within the framework of the Protocol (travel and/or daily subsistence allowance, as applicable);

(b) Technical support to Parties, particularly to countries in transition, for implementation and compliance with the Protocol through the organization of seminars, workshops and other capacity-building activities;

- (c) Support to the participation of the joint secretariat in workshops, seminars, symposia and other formal and informal forums related to the Protocol's activities;
  - (d) Joint secretariat costs to implement the programme of work not covered by the regular budgets of UNECE and WHO-EURO;
  - (e) Specific consultants' fees and travel;
  - (f) The organization of activities aimed at promoting the Protocol in other regions;
  - (g) The preparation of publications, including editing, translation and printing costs.
3. Recognizes that [XXX] USD of voluntary contributions are needed to cover the costs of activities under the programme of work 2007-2009.
4. Entrusts the joint secretariat to match the requests for the use of the funds with the contributions, taking into account the conditions set by donors, if any; to arrange for the issuance of travel authorizations, tickets and vouchers, as appropriate; to provide statements of account to donors, as appropriate; as well as to report to the Meeting of the Parties on contributions to the trust fund and their use;
5. Entrusts the Bureau to overview the management of the trust fund and to take appropriate action to raise funds;
6. Invites Parties, Signatories and other States in a position to do so to make voluntary contributions to the trust funds and thanks those Parties, Signatories and other States that have already promised to do so.
7. For the funds managed through the UNECE trust funds, endorses the guiding principles for financial assistance to support the participation of experts and representatives from countries with economies in transition established and periodically updated by the Committee on Environmental Policy, while recognizing that the provision of any financial support is subject to the availability of funds;
8. Agrees to review the question of financial arrangements at its second meeting.