



UNITED NATIONS
ECONOMIC
COMMISSION FOR EUROPE

WORLD HEALTH ORGANIZATION
REGIONAL OFFICE FOR EUROPE

**Meeting of the Parties to the Protocol on Water and Health to the
Convention on the Protection and Use of Transboundary
Watercourses and International Lakes**

Working Group on Water and Health
Geneva, 27–28 May 2010
Item 17 of the provisional agenda

Information paper 14

Financing options for the Protocol on Water and Health

1. Background

1. The Working Group on Water and Health (WGWH) at its second meeting (Geneva, 2 – 3 July 2009) reviewed the contributions and expenditures related to the Protocol on Water and Health against the financial requirements needed for the implementation of the adopted work plan 2007 – 2009¹. The WGWH noted that, fundraising efforts by the Joint Secretariat notwithstanding, funding of the Protocol had not allowed full implementation of the agreed work plan and requested the Joint Secretariat, in cooperation with the Bureau, to prepare a proposal with alternative options for financing the programme of work. This would be considered at its third meeting, with a view of submitting conclusions for possible adoption by the Meeting of the Parties to the Protocol at its second session.
2. These instructions by the Working Group were further strengthened by a subsequent instruction of the Bureau (Geneva, 8 -9 September 2009) to the Secretariat to prepare a new text on financing options, in order to allow the Bureau members to explore the political feasibility of different funding mechanisms with their respective national departments.
3. The present paper has therefore elaborated to provide elements of reflection to the Working Group and facilitate a discussion on the possible next steps secure sustainable and predictable funding for the activities in the Protocol's programme of work.
4. The paper was written bearing in mind United Nations General Assembly (UNGA) resolution 2997 (XXVII) on the need for "stable, adequate and predictable financial

¹ Section XV § 70 of the Report of the Working Group on Water and Health on Its Second Meeting refers. Available from URL: http://www.unece.org/env/documents/2009/wh-wg/ECE_MPWH_WG1_2009_2_E.pdf accessed 25 November 2009

resources”, and UN General Assembly adopted resolution 62/208² stressing the importance of core funding:

“18. *Stresses* that core resources, because of their untied nature, continue to be the bedrock of the operational activities for development of the United Nations system, and in this regard notes with concern that the share of core contributions to United Nations funds and programmes has declined in recent years, and recognizes the need for organizations to address, on a continuous basis, the imbalance between core and non-core resources”

5. It also takes into account Decision I/5 of the first Meeting of the Parties (Geneva, Switzerland, 17 - 19 January 2007) which stated that:
“Recognizing that, in the longer term, consideration should be given to establishing stable and predictable financial arrangements for the core elements of the programme of work, for example by using the United Nations Scale of Assessments or other appropriate scales”
6. The 2007 – 2009 financial crises created further cause for concern, including for the job security of members of the joint Secretariat.
7. This paper reviews the current status of the Protocol and its resource needs, and explores the consequences of two frequently applied funding mechanisms, one based on the UN Scale of Assessments and one based on a tiered system itself based on Gross National Income per capita, against the projected costs for the period 2011 - 2013. It is shown that the resulting financial contributions are modest, especially when compared to ODA figures. Therefore, there seems to be no objective reason why the issue of funding, and the discussion of possible financing mechanisms and their implications for the parties could not be placed on the Agenda of second meeting of the Parties.
8. In addition, the paper recognized the importance of a variety of important non-monetary contributions. Their application needs to be further explored. It would in particular be appreciated if donor countries wishing to apply one or more of these systems in support of the Protocol implementation would start internal consultations as well as consultations with the joint Secretariat so that concrete offers could be tabled at the second Meeting of the Parties.

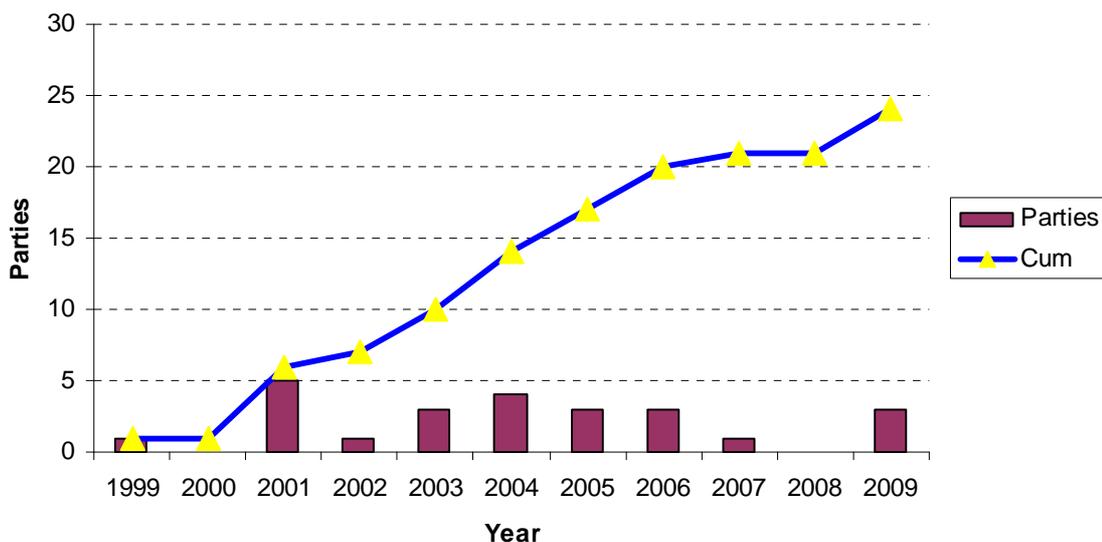
2. Current status of the Protocol

2.1. Progress in ratification

9. Progress in the ratification of the Protocol is shown in Fig 1. below.

Figure 1 Ratification of the Protocol 1999 - 2009

development of the United Nations system” Resolution A/Res/62/208 of 14 March 2008 URL:
http://www.ilo.org/public/english/bureau/pardev/download/development/tcpr_en.pdf



10. A number of States that have not yet ratified the Protocol nevertheless support the implementation of the workplan. This is in particular so for Italy, which leads the Task Force on Extreme Weather Events and the Task Force on Water-related Disease Surveillance. Several other countries have indicated their intention to join the Protocol.
11. It is important to realise that, counting current ratifying countries only, more European benefit from the Protocol on Water and Health (516 million) than there are citizens of the European Union (495 million). The gap only widens when the population of contributing countries and countries who have initiated the ratification process are added. Clearly, the size of the population benefiting from the Protocol alone warrants serious attention to the issue of funding and requires the development of stable, adequate and predictable funding mechanisms.

2.2. Financial status

12. The activities under the Protocol are at the moment financed by voluntary contributions of the Parties to a trust fund managed by UNECE and a voluntary fund managed by WHO-EURO in accordance with Decision I/5 on Financial arrangements to support the implementation of the Protocol adopted by the meeting of the Parties at its first session (Geneva, Switzerland, 17 – 19 January 2007).
13. Parties to the Protocol adopted a programme of work for 2007 – 2009 for a total of US\$ 3,451,500³ in overall requirements or US\$ 2,816,000 in core requirements.
14. By the time of the 1st meeting of the Working Group on Water and Health, the UNECE Trust Fund reported receipt of US\$201,151 and the WHO Voluntary Fund US\$ 58,560 for a total of US\$259,711. Direct support by countries and organization was estimated at approximately US\$260,400 from reports received by the countries / organizations. In addition, US\$324,000 was allocated through the WHO Voluntary Fund for the services of a Facilitator to the ad hoc Project Facilitation mechanism.
15. By the time of the 2nd Meeting of the Working Group on Water and Health, the UNECE Trust Fund reported receipt of US\$480'858.30 and the WHO Voluntary Fund receipt of US\$5,724. Direct support by countries and organizations was estimated at US\$36,230. In addition, the European Union Water Initiative (EUWI)

³ See document ECE/MP.WH/2007/2 – EUR/06/5069385/9 of 9 January 2007

contributed through the Trust Fund established under the Water Convention in the amount of US\$ 41,200. By the time of the 3rd Meeting of the Working Group on Water and Health, the UNECE Trust Fund reported receipt of US\$306,520

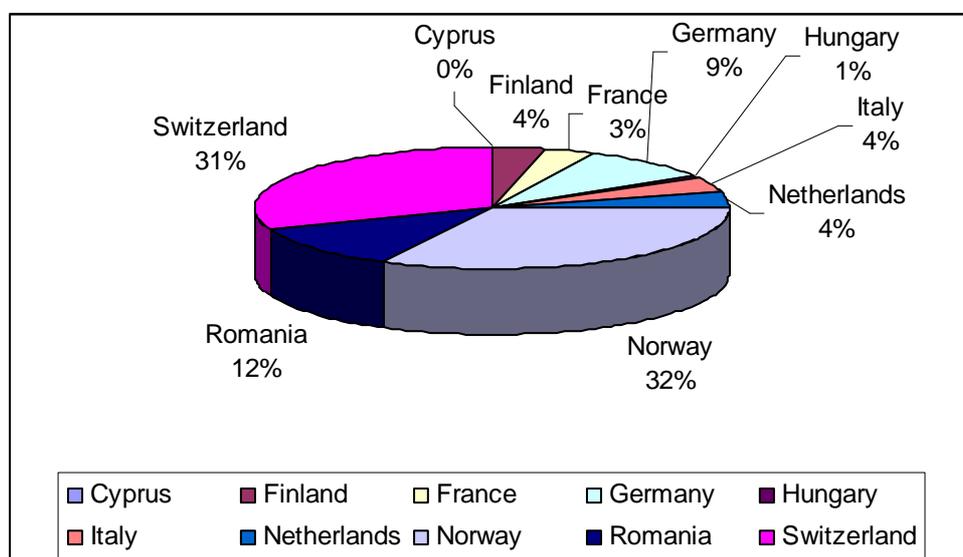
16. This is summarized in the table 1 below

Table 1 Income in cash and kind 2007 – 2009

	UNECE	WHO	Direct support	Additional	Total
WGWH1	\$201,151	\$58,560	\$260,000	\$324,000	
WGWH2	\$480,858	\$5,724	\$36,230	\$41,200	
WGWH3	\$306,520				
	\$988,529	\$64,284	\$296,230	\$365,200	\$1,645,273

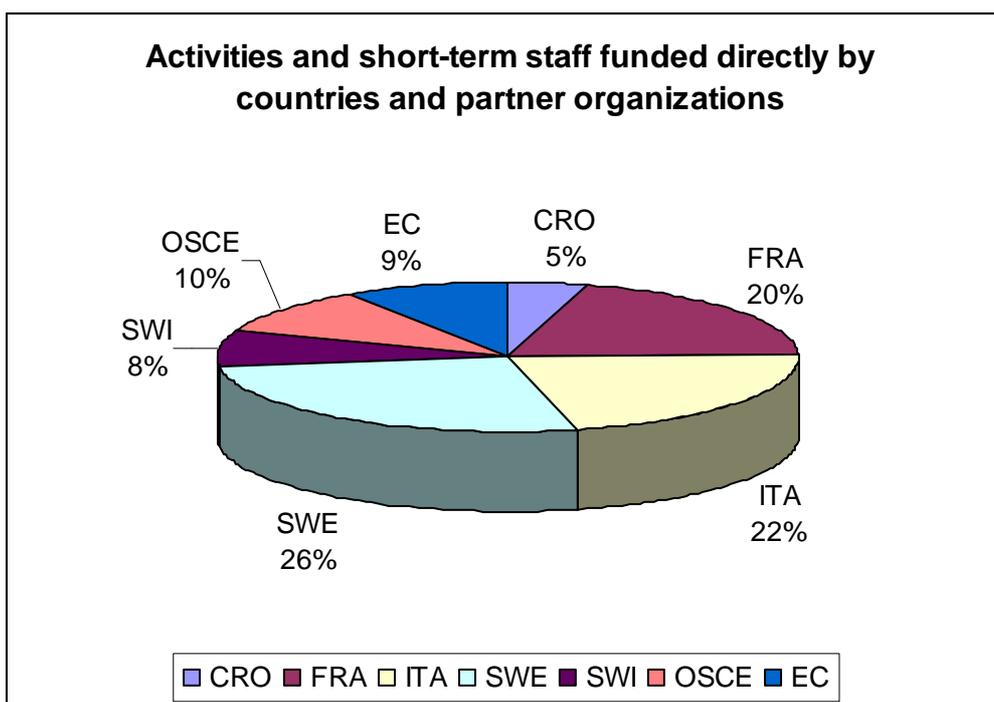
17. The geographic distribution of the funding sources since the MOP-1 contributing directly to activities and short-term staff for a total of US\$1,376,813 is represented more clearly by country in Fig 2 below:

Figure 2 Contributions through the UNECE Trust Fund and the WHO Voluntary Fund



18. Contributions in kind were received from a number of countries, specifically in the hosting of meetings and other activities notably by Croatia, France, Italy, Sweden, Switzerland and the OSCE, European Commission through the EU Water Initiative (EUWI). The distribution is shown in Fig 3 below

Figure 3 Direct contributions by countries and partner organizations



2.3. Human resources in the Joint Secretariat

19. The role of the Secretariat is defined in Article 17 of the Protocol as
- “The Executive Secretary of the Economic Commission for Europe and the Regional Director of the Regional Office for Europe of the World Health Organization shall Carry out the following secretariat functions for this Protocol
- (a) The convening and preparing of meetings of the Parties
 - (b) The transmission to the Parties of reports and other information received. The performance of such other functions as may be determined by the Meeting of the Parties on the basis of available resources.”
20. Human resources made available by the WHO Regional Office for Europe to the joint Secretariat have included the part-time services of a regional adviser, a technical officer (until January 2007) and a secretary (G4 level). Catalytic funding has been provided from the WHO Regular Budget for operational expenses, including travel to Geneva to attend relevant meetings. WHO has also drawn on other departments at the WHO Regional Office for Europe and at Headquarters as well as its network of collaborating centres to provide the best possible evidence and technical expertise in support of the Protocol. Furthermore, WHO has also assumed responsibility for providing services to the *ad hoc* Project Facilitation Mechanism.
21. In UNECE, the resources which are available from the regular budget have been maintained at the same level since the first meeting of the Parties (40% of a P4, 20% of a P3 and 25% of a general staff) however to be able to deal with the increased number of activities and responsibilities an additional staff member has been hired on extra-budgetary funds. The resources available to cover the cost of this additional staff member crucial for the implementation of the work plan have been neither stable nor predictable. This has caused a delay of more than six months in the start of the implementation of the programme of work for 2007-2009, and draining the available resources for fund-raising.

2.4. Conclusion

22. The previous paragraphs made it clear that resource mobilization has not allowed the full coverage of all planned human resource costs, and that the parent organizations of the joint Secretariat have contributed in a very important manner. Neither have all planned activities been implemented, again due to lack of financial resources. It is also clear that the current financing mechanism of the Protocol requires an important allocation of human resources for fundraising activities to the detriment of the implementation of the work plan. Such efforts notwithstanding, it has not been possible to raise the level of funding needed for the full implementation of all activities foreseen under the approved work plan.
23. As the above analysis shows, at present seven countries shoulder the burden of contributing financially to the costs of the workplan implementation: Norway (32%) Switzerland (31%), Romania (12%), Germany (9%), the Netherlands (4%), Finland (4%), France (3%) and Hungary (1%). States and partner organizations that contribute in kind to the work of the Protocol included to date: Sweden (26%), Italy (22%), France (20%), Switzerland (8%), Croatia (5%) and OSCE (10%) and EC (9%).
24. In addition to recognizing the shortfall in funding and the *ad hoc* nature of the financial contributions, it must be recalled that the United Nations General Assembly has reiterated the need for “stable, adequate and predictable financial resources”⁴ as a precondition for successful environmental programmes. This need for stable, adequate and predictable financial resources will be used in this paper as a criterion for the selection of relevant multilateral environmental agreements (MEAs) that could serve as an example for the financing of the Protocol.
25. The following paragraphs recall the consideration to financing at the time of the drafting of the Protocol, compares this to financing mechanisms in other multilateral environment and health instruments, and offers a number of options for discussion and consideration.

3. The UN Scale of Assessments

26. Parties to the Protocol had selected the UN Scale of Assessment as a first option to develop a stable, adequate and predictable financing system and it is therefore appropriate to examine this option first.
27. Member States of the United Nations are taxed in the form of a percentage allocation of UN expenses – the UN Scale of Assessments⁵ - based on Chapter IV Article 17 para 2⁶ of the Charter of the United Nations which states that:

“The expenses of the Organization shall be borne by Members as apportioned by the General Assembly”
28. The Scale of Assessments and the UN budget are decided by the General Assembly (GA) on the recommendation of the Committee on Contributions (CC); the GA provides constraining directives to the CC. Under the Scale of Assessments the United Nations assesses countries on a fixed set of parameters. For the period 2007 – 2009, the Fifth Committee recommended, and the sixty-first session of the General Assembly accepted without a vote through resolution A/RES/61/237, to leave in place the main elements of the 2000 assessment scale, basing individual countries’ assessments on their Gross National Income per capita (GNI/cap) with adjustments for external debt and low per capita income, and keeping the “ceiling” at 22%.

⁴ See for example GA resolution 2997 (XXVII) and referred resolution 57/251 during the discussion of the financing of environmental programmes.

⁵ Officer Laurence H “An assessment of the United Nations scale of assessments from a developing-country standpoint” *Journal of International Money and Finance* (1994) **13** 415 – 428

⁶ <http://www.un.org/aboutun/charter/chapter4.shtml>

29. National assessments are also the source of the regular budget of the World Health Organization. The sixtieth World Health Assembly reviewed the scale of assessments of Member States of the Organization, and came to a percent assessment identical to that of the UN Scale of Assessments.
30. The UN Scale of Assessments involves no automatic increase in revenue as world inflation or indeed UN membership increases.
31. The Scale of Assessments used for the determination of the core budget of the United Nations as adopted by the UNGA has a maximum and a minimum. The maximum on the scale of assessments was originally set at 25% of core budget, partly because the country that was most in arrears was near that level, partly because influential politicians made it clear they considered it “reasonable”. It has since been reduced to 22% of core budget. The issue of minimum contributions, currently fixed at 0.001% of core budget, is a delicate one. Two views have been expressed in the literature⁷ on the subject of contributions from economically weaker countries:

“(c) It is useful to have all members contribute something. Even a comparatively poor country can contribute in the tens or hundreds of thousands of dollars to the UN budget.

(d) The view can also be defended that the poorest countries should pay only a token amount, and that the richer countries can make up the necessary balance. It is not a very large sum, and can be readily reapportioned to the richer countries”
32. For the Protocol, it is important to realise that maximum and minimum numbers of respectively 22% and 0,01% of core budget are the result of negotiations. Parties to the Protocol may well, through negotiations, arrive at a consensual decision to adopt these or other figures as the ceiling and floor for the financing scenarios under the Protocol.
33. A detailed description of the calculation method for applying the UN Scale of Assessments⁸ is given in Annex 1.

4. Tiered assessment scale

34. Rather than basing individual contributions on country-specific calculations as is done under the UN Scale of Assessments, it is also possible to use a rather cruder method, whereby countries are grouped on the basis of their Gross National Income/cap, and the assessment is then fixed per country grouping.
35. The United Nations structures countries by Gross National Income/cap (GNI/cap)⁹ in different categories. Different calculation methods exist, which lead to slightly different numeric values for the GNI/cap of individual countries. For this paper, the country classification done by the World Bank has been taken as a basis for the further calculations¹⁰.
36. The classification by GNI per capita (GNI/c) is used by the World Bank for operational and analytical purposes. Economies are divided according to 2008 GNI/c, calculated in accordance with the World Bank Atlas method. The groups are: low income \$975 or less, lower middle income \$976 - \$3,855; upper middle income

⁷ United Nations Studies – Burden Sharing in Support of the United Nations Part II. Principles and Methodology of Assessments available from URL <http://www.library.yale.edu/un/burdnshar/b-II.html>

⁸ The Scale of assessments used in this example is based on Resolution A/Res/61/237 available from URL http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/61/237 accessed 26 November 2009

⁹ For a definition of the term Gross National Income see URL: <http://unstats.un.org/unsd/snaama/glossResults.asp?Id=8>

¹⁰ For a discussion on country classification and definitions of groups go to URL: <http://go.worldbank.org/K2CKM78CC0> accessed 30 November 2009

\$3,856 - \$11,905¹¹. The classification of the Parties is taken from the World Bank data¹². The detailed description of the calculation method is given in Annex 1.

5. Implication of the two financing options

5.1. Resource needs of the Protocol

37. Yearly resource needs for the Protocol on Water and Health for the period 2010 - 2011 are estimated on the basis of the official forward planning averages for human resource needs in the WHO system, and the total contributions and expenditures registered in the UNECE and WHO/EURO Trust Funds for the period 1 July 2008 – 1 May 2009, including monetary value of in-kind contribution by Parties and other partners, rounded.
38. Personnel needs are composed of professional staff (P-level), project staff on time-limited contracts (L-level) and general service staff mainly administrative assistants and secretaries (G-level)
39. The following projection results:

Table 2 Projected yearly operational needs of the Protocol on Water and Health

<i>Personnel</i>	Time allocation of staff	
P-5	80%	\$206,800
P-4	80%	\$180,000
L-3 (2 posts)	100%	\$400,000
G-4	100%	\$100,000
<i>Operational expenses</i>		
Operational expenses		\$700,000
<i>Subtotal</i>		\$1,586,800.00
Overhead 13%		\$206,284
GRAND TOTAL		\$1,793,084

40. It must be recalled that this approximate assessment does not reflect the very substantial contribution of the UNECE particularly with regard to the provision of conference facilities including translation and interpretation services, production and distribution of documents, printing of Protocol products etc. Similarly, it does not take into account the scientific and technical input of specialist divisions of the WHO Regional Office for Europe and WHO Headquarters in Geneva, its network of Collaborating Centres, and the services of the WHO publication department in the distribution and sale of Protocol products.
41. With the two senior staff positions being the core contribution by UNECE and WHO, the initial planning figure for the annual cost of the Protocol would be personnel \$500,000 (+13% support cost = \$565,000) and operational expenses \$700,000 (+13% support cost = \$791,000).

¹¹ For definition of country groups see URL:
<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20420458~menuPK:64133156~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html> accessed 26 November 2009

¹² Complete table available at URL:
<http://siteresources.worldbank.org/DATASTATISTICS/Resources/CLASS.XLS> accessed 26 November 2009

5.2. Outcome

42. A comparison of the two contribution models is shown in Table 3 below, by country alphabetically organized in the WHO English-language three letter country code

Table 3

Comparison of contribution models

CONTRIBUTION BASED ON UNSA				CONTRIBUTION BASED ON INCOME CATEGORY				
	Contributions redistributed	% redistributed	<i>Euro</i>		Contributions	%	<i>Euro</i>	
ALB	\$408	0.03	€ 272	ALB	LMI	\$20,251	1.493	€ 13,501
AZE	\$340	0.03	€ 227	AZE	LMI	\$20,251	1.493	€ 13,501
BEL	\$74,936	5.53	€ 49,958	BEL	HI	\$68,691	5.066	€ 45,794
BLR	\$1,360	0.10	€ 907	BLR	UMI	\$48,926	3.608	€ 32,617
CRO	\$3,400	0.25	€ 2,267	CRO	HI	\$68,691	5.066	€ 45,794
CZE	\$19,108	1.41	€ 12,739	CZH	HI	\$68,691	5.066	€ 45,794
DEU	\$298,320	22.00	€ 198,880	DEU	HI	\$68,691	5.066	€ 45,794
EST	\$1,088	0.08	€ 725	EST	HI	\$68,691	5.066	€ 45,794
FIN	\$38,352	2.83	€ 25,568	FIN	HI	\$68,691	5.066	€ 45,794
FRA	\$298,320	22.00	€ 198,880	FRA	HI	\$68,691	5.066	€ 45,794
HUN	\$16,592	1.22	€ 11,061	HUN	HI	\$68,691	5.066	€ 45,794
LTU	\$2,108	0.16	€ 1,405	LTU	UMI	\$48,926	3.608	€ 32,617
LUX	\$5,780	0.43	€ 3,853	LUX	HI	\$68,691	5.066	€ 45,794
LVA	\$1,224	0.09	€ 816	LVA	UMI	\$48,926	3.608	€ 32,617
MDA	\$68	0.01	€ 45	MDA	LMI	\$20,251	1.493	€ 13,501
NET	\$127,365	9.39	€ 84,910	NET	HI	\$68,691	5.066	€ 45,794
NOR	\$53,176	3.92	€ 35,451	NOR	HI	\$68,691	5.066	€ 45,794
POR	\$35,836	2.64	€ 23,891	POR	HI	\$68,691	5.066	€ 45,794
ROM	\$4,760	0.35	€ 3,173	ROM	UMI	\$48,926	3.608	€ 32,617
RUS	\$81,600	6.02	€ 54,400	RUS	UMI	\$48,926	3.608	€ 32,617
SPA	\$201,825	14.88	€ 134,550	SPA	HI	\$68,691	5.066	€ 45,794
SVK	\$4,284	0.32	€ 2,856	SVK	HI	\$68,691	5.066	€ 45,794
SWI	\$82,688	6.10	€ 55,126	SWI	HI	\$68,691	5.066	€ 45,794
UKR	\$3,060	0.23	€ 2,040	UKR	LMI	\$20,251	1.493	€ 13,501
	\$1,356,000	100.00	€ 904,000			\$1,356,000	100.000	€ 904,000

6. Comparison of the contributions to the Protocol against the Official Development Assistance (ODA)

43. Taken in absolute terms, the operating costs of the Protocol may seem high, if not excessive. A comparison with the official development assistance paid by donor countries allows placing the costs of the Protocol in a proper perspective.
44. In 2008, total net official development assistance¹³ (ODA) from members of the OECD's Development Assistance Committee (DAC) rose 10.2% in real terms to USD 119.8 billion. This is the highest dollar figure ever recorded. It represents 0.30% of member's combined gross national income. Bilateral development projects and programmes have been on a rising trend in recent years; they rose significantly by 12.5% in real terms in 2008 compared to 2007, indicating that donors are substantially scaling up their core aid programmes.
45. Some of the Parties to the Protocol are very important donors in the global bilateral ODA in water supply and sanitation, such as Portugal, Luxemburg, Norway, Finland, Belgium, Spain, France, the Netherlands, and Germany. The largest volume increases came from the United States, Spain, Germany, Japan and Canada. In addition, significant increases were recorded from Australia, Belgium, Greece, New Zealand and Portugal¹⁴. Unfortunately, only 4% of the ODA is allocated to the European region. Table 4 shows the ODA from Parties and non-Parties to Parties in the Protocol

¹³ Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries ("bilateral ODA") and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions. See: OECD Glossary of Statistical Terms URL: <http://stats.oecd.org/glossary/detail.asp?ID=6043> accessed 30 November 2009

¹⁴ "Development aid at its highest level ever in 2008" OECD available from URL: http://www.oecd.org/documentprint/0,3455,en_2649_34447_42458595_1_1_1_1,00.html

Table 4 ODA from Parties and non-Parties to Parties to the Protocol (millions of USD)

		ALB	AZE	BLR	CRO	MDA	UKR	SUM
Donor Party to the Protocol	FRA		2.8				0.1	2.9
	DEU	8.8	0.1	0.1	0.3		0	9.3
	LUX	0.9						0.9
	NOR	2.3	0.1		0.2			2.6
	SWI	1.1	1.4		0			2.5
Donors NOT Party to the Protocol	AUT	2.1				0.2		2.3
	EC	0.6	0.1		2.7	0	1	4.4
	GRE		0		0	0		0
	JAP	0.5	0			0	0	0.5
	SWE	0.3					1.9	2.2
	UNICEF		0					0
All donors		16.9	4.7	0.1	3.2	0.4	3.1	28.4

46. The following Table 5 compares the current levels of ODA to the proposed level of contribution developed above.

Table 5 Comparison of ODA with proposed contribution levels

	ODA	UNSA	%	Tiered	%
BEL	\$74,000,000	\$74,936	0.10	\$68,691	\$0.09
DEU	\$516,000,000	\$298,320	0.06	\$68,691	\$0.01
FIN	\$36,000,000	\$38,352	0.11	\$68,691	\$0.19
FRA	\$299,000,000	\$298,320	0.10	\$68,691	\$0.02
LUX	\$11,000,000	\$5,780	0.05	\$68,691	\$0.62
NET	\$392,000,000	\$127,365	0.03	\$68,691	\$0.02
NOR	\$31,000,000	\$53,176	0.17	\$68,691	\$0.22
SWI	\$38,000,000	\$82,688	0.22	\$68,691	\$0.18
			0.10		0.17

47. However, the economic crisis that manifests itself since 2008 may well change this picture. The WHO Regional Committee for Europe, meeting in Copenhagen, Denmark, 14 – 17 September 2009, addressed health in times of global economic crisis¹⁵. WHO developed evidence that the impact of economic crises often leads to a recession on health and health systems, including the postponement of capital investments (infrastructure, equipment) and the reallocation of funds to more pressing expenditure categories. It must be recalled that the overwhelming majority of ODA (79%) goes to new large and basic water supply systems, and not to the maintenance of existing systems, policy development or resource protection.

¹⁵ “Health in times of global economic crises: Implications for the WHO European Region” p6 document EUR/RC59/7 + EUR/RC59/Conf.Doc./2 available from URL: http://www.euro.who.int/Document/RC59/RC59_edoc07.pdf

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48. Meeting the needs of the Protocol on Water and Health would require only an infinitesimally small adjustment of the ODA from the major donors, and would allow addressing areas that are vitally important for the protection of the health of the European population but which have hitherto gone unrecognized by the main donors in the European region.
 49. This discussion on financial contributions should not be seen as the sole way to support the Protocol; non-monetary contributions can form an important, indeed essential tool to help achieve the goals of the work plan.

7. Comparison with financing mechanisms in other MEAs

50. To provide a framework for the discussion, it may be of interest to provide some further background on how financing is handled in other MEAs. Of course, such information is by definition selective since there are well over 250 MEAs in force at the time of writing, each with its own particularities that may not be immediately translatable to the conditions prevailing under the Protocol on Water and Health. And in most cases, financing mechanisms were decided from the time of the inception of the MEA concerned, not addressed after the MEA was already under full implementation.
51. Evaluating the outcome of these calculations against other MEAs begs two different questions: are financing issues addressed *within* the legal provision of other MEAs, and, if so, are such financial contributions of a voluntary or a mandatory nature.
52. Global MEAs offering specific provisions on financing include the Basel Convention on The Control of Transboundary Movements of Hazardous Wastes and Their Disposal¹⁶ (Art 14 sub 1 and 2) and the Convention on Biological Diversity¹⁷ (Art 20 and 21). At the regional level, financial regulations are detailed e.g. in the Convention on the Protection of the Marine Environment of the Baltic Sea¹⁸ and the Commission on Protecting and Conserving the North-east Atlantic and its Resources – OSPAR Commission¹⁹, the Convention for the Protection of the Mediterranean Sea Against Pollution (Barcelona Convention)²⁰ and the Convention on Cooperation for the Protection and Sustainable Use of the Danube River (Statute of the ICPDR, Annex IV of the Convention)²¹, the Convention for the Protection of the Rhine (Art 13 of the Convention and Art 9 of the Rules of Procedure and Financial Regulations of the ICPR^{22,23,24}

¹⁶ Full text of the Basel Convention at URL: <http://www.basel.int/text/con-e-rev.pdf> accessed 10 Nov 2009

¹⁷ Full text of the Convention on Biological Diversity at URL: <http://www.cbd.int/convention/convention.shtml> accessed 10 Nov 2009

¹⁸ Full text of the Convention at URL: <http://www.helcom.fi/files/Convention/Conv1108.pdf> accessed 10 November 2009

¹⁹ Full text of the OSPAR Convention at http://www.ospar.org/documents/DBASE/DECRECS/Agreements/05-17e_Rules%20of%20Procedure.doc accessed 10 November 2009.

²⁰ Barcelona Convention is available from URL: http://www.unep.ch/regionalseas/regions/med/t_barcel.htm accessed 10 Nov 2009

²¹ Danube Convention at URL: <http://www.icpdr.org/icpdr-pages/drpc.htm> accessed 10 November 2009

²² Source: ICPDR/IKSD ICPDR Annual Report 2007

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53. The Convention on Biological Diversity obliges developed country Parties to “provide new and additional financial resources on the basis of a grant or concessional basis”. The 1992 Baltic Sea Convention states that “the total amount of the budget, including any supplementary budget adopted by the Commission shall be contributed by the Contracting Parties [...] in equal parts. The financing model “in equal parts” is different from the two models explored in the foregoing paragraphs and is only possible in MEAs where Parties are of comparable socio-economic standing. [...] (Art 22 sub 3)”. The OSPAR Convention operates a “basic budget” to which Parties contribute in accordance with their GNP in accordance with the scale of assessments adopted by the UN General Assembly (Rules of Procedure Sub C item 12). The Mediterranean Trust Fund which funds the operational aspects of the Barcelona Convention is based on the UN Scale of Assessments. The financing for the Danube Convention is a tiered system, as is the contribution for the Rhine River Convention. In the latter case, it is worth noting that the highest contributing countries cover 32.5% of the annual budget, well in excess of the 22% cap on the UN Scale of Assessments.
54. Most major MEAs do address the issue of financing within their core legal text, and many relevant examples can be identified where the contributions are fixed either on the basis of the UN Scale of Assessments or on a tiered approach agreed by the Parties. As most of the countries who are Party to the Protocol are also Party to the global MEAs and, where relevant, to the regional MEAs, there are important precedents that inclusion of the financial arrangements in the text of an MEA, and indeed the detailed financial arrangements including calculation of the national contributions are not necessarily anathema to the participating countries.

8. Non-monetary contributions

55. Recognizing that human resources form an important component of the budget needed for the implementation of the work programme, it is appropriate to reflect that these needs can be met through other than financial contributions. Amongst the most common forms through which Member States contribute with international organizations are:
- (a) Junior or associate expert. These are typically young people with a university degree in an appropriate discipline and 2–5 years of experience, made available to the receiving organization for a period usually not exceeding three years. JPO recruitment is done through WHO HQ, which will approach all donors. As no action can be initiated unless the JPO position is formally created in the staffing organigrams of the hosting organization, it would be advisable for the Meeting of the Parties to request the hosting Organization to amend its staffing table prior to further action.
 - (b) Staff secondment to the Joint Secretariat. Certain countries second staff from their national administrations to UN agencies for a determined period of time to work on topics of mutual interest. It would be conceivable that a country would, for example, identify the work on water-related disease surveillance

²³ Source: URL:

http://www.iksr.org/fileadmin/user_upload/Dokumente_en/convention_on_the_protection_of_the_rhine.pdf accessed 10 November 2009

²⁴ Source: URL: http://www.iksr.org/fileadmin/user_upload/Dokumente_en/Gesch_fts-Finanzordnung-e.pdf

as an area of common interest, and would second a staff member to the Joint Secretariat to work in this area for the implementation of the approved work plan under the Protocol. Staff members should be seconded with sufficient budget to allow them to be operationally active (travel to countries in the region; participate in meetings of the Parties and the subsidiary bodies of the Protocol etc.)

- (c) Strengthening national institutes. Countries may also wish to strengthen national institutes by making funding directly available to them for the recruitment or continued appointment of a staff member who would then serve the common secretariat as an outposted staff member.
- 56. Funding or providing staff to the Joint Secretariat could be an important contribution to fulfilling the responsibilities of a Party to the Protocol, and may be easier to realise than a similar contribution in cash.
- 57. In addition to providing direct assistance with meeting human resource needs, other important non-monetary contributions include the provision of leadership to the subsidiary bodies of the Meeting of the Parties and support their functioning through the hosting of meetings, the provision of support to participants, publications of results etc.

9. Conclusion

- 58. The present paper was written bearing in mind United Nations General Assembly (UNGA) resolution 2997 (XXVII) on the need for “stable, adequate and predictable financial resources”, and UN General Assembly adopted resolution 62/208²⁵ stressing the importance of core funding:

“18. *Stresses* that core resources, because of their untied nature, continue to be the bedrock of the operational activities for development of the United Nations system, and in this regard notes with concern that the share of core contributions to United Nations funds and programmes has declined in recent years, and recognizes the need for organizations to address, on a continuous basis, the imbalance between core and non-core resources;”
- 59. It was driven by a concern that, the munificence of major donors notwithstanding, fund raising efforts had not been sufficiently effective to ensure complete implementation of the work plan adopted by the Parties at their first meeting. The 2007 – 2008 financial crises created further cause for concern, including for the job security of members of the Joint Secretariat.
- 60. The paper recalled the different positions concerning funding arrangements between the Parties to the Convention and the Parties to the Protocol. It explored the consequences of two frequently applied funding mechanisms, one based on the UN Scale of Assessments and one based on a tiered system itself based on GNI/cap. Both such systems are operational in a number of MEAs to which countries party to the Protocol are Party. The resulting financial contributions are modest, especially when compared to ODA figures. Therefore, there seems to be no objective reason why the issue of funding, and the discussion of possible financing mechanisms and

²⁵ UN General Assembly “Triennial comprehensive policy review of operational activities for development of the United Nations system” Resolution A/Res/62/208 of 14 March 2008 URL: http://www.ilo.org/public/english/bureau/pardev/download/development/tcpr_en.pdf

their implications for the parties could not be placed on the Agenda of the next meeting of the Working Group on Water and Health in preparation for the second Meeting of the Parties.

61. In addition, the paper recognized the importance of a variety of important non-monetary contributions. Their application needs to be further explored. It would in particular be appreciated if donor countries wishing to apply one or more of these systems in support of the Protocol implementation would start internal consultations as well as consultations with the Joint Secretariat so that concrete offers could be tabled at the second Meeting of the Parties.
62. Mechanisms for fundraising for projects in the context of the Protocol exist and have proven to be successful; further coordination mechanisms are however urgently needed inside the ODA community, both for project as well as for programmatic support.
63. The Working Group on Water and Health is invited to endorse the work on the development of financing of the Protocol, and to entrust the Bureau and Joint Secretariat with the preparation of the final, updated financing options paper as an official formal document to the second Meeting of the Parties, duly cleared by the Bureau and the management of the two organizations that form the Joint Secretariat.
64. Countries are invited to send contributions and comments to the Joint Secretariat before 1 July 2010/

Annex 1: Calculation methodology

1. Calculations of UNSA-based contributions

- 1 Take the UNSA, recalculate for the participating countries, calculate the national contribution and determine the percentage contribution of each country

	UNSA %	UNSA normalized	Staff \$565,000	Operational \$791,000	TOTAL \$1,356,000	%	Total Euro (ind)
ALB	0.006	0.023	\$130	\$182	\$312	0.023	€ 208
AZE	0.005	0.019	\$108	\$152	\$260	0.019	€ 174
BEL	1.102	4.231	\$23,906	\$33,468	\$57,374	4.231	€ 38249
BLR	0.020	0.077	\$434	\$607	\$1,041	0.077	€ 694
CRO	0.050	0.192	\$1,085	\$1,519	\$2,603	0.192	€ 1,735
CZE	0.281	1.079	\$6,096	\$8,534	\$14,630	1.079	€ 9,753
DEU	8.577	32.931	\$186,063	\$260,488	\$446,551	32.931	€ 297,700
EST	0.016	0.061	\$347	\$486	\$833	0.061	€ 555
FIN	0.564	2.165	\$12,235	\$17,129	\$29,364	2.165	€ 19576
FRA	6.301	24.193	\$136,689	\$191,365	\$328,054	24.193	€ 218,702
HUN	0.244	0.937	\$5,293	\$7,410	\$12,704	0.937	€ 8,469
LTU	0.031	0.119	\$672	\$941	\$1,614	0.119	€ 1,076
LUX	0.085	0.326	\$1,844	\$2,581	\$4,425	0.326	€ 2,950
LVA	0.018	0.069	\$390	\$547	\$937	0.069	€ 625
MDA	0.001	0.004	\$22	\$30	\$52	0.004	€ 35
NET	1.873	7.191	\$40,631	\$56,884	\$97,515	7.191	€ 65010
NOR	0.782	3.002	\$16,964	\$23,750	\$40,714	3.002	€ 27143
POR	0.527	2.023	\$11,432	\$16,005	\$27,438	2.023	€ 18292
ROM	0.070	0.269	\$1,519	\$2,126	\$3,644	0.269	€ 2,430
RUS	1.200	4.607	\$26,032	\$36,445	\$62,476	4.607	€ 41651
SPA	2.968	11.396	\$64,385	\$90,140	\$154,525	11.396	€103,017
SVK	0.063	0.242	\$1,367	\$1,913	\$3,280	0.242	€ 2,187
SWI	1.216	4.669	\$26,379	\$36,931	\$63,310	4.669	€ 42206
UKR	0.045	0.173	\$976	\$1,367	\$2,343	0.173	€ 1,562
	26.045	100.000	\$565,000	\$791,000	\$1,356,000	100	€904,000

- 2 Determine which countries exceed the maximum 22% contribution, reduce their contribution to 22% and calculate the amount to be redistributed

	TOTAL \$1,356,000	%	%	To redistribute
ALB	\$312	0.023		
AZE	\$260	0.019		
BEL	\$57,374	4.231		
BLR	\$1,041	0.077		
CRO	\$2,603	0.192		
CZE	\$14,630	1.079		
DEU	\$446,551	32.931	22	\$298,320
EST	\$833	0.061		
FIN	\$29,364	2.165		

FRA	\$328,054	24.193	22	\$298,320	\$29,734
HUN	\$12,704	0.937			
LTU	\$1,614	0.119			
LUX	\$4,425	0.326			
LVA	\$937	0.069			
MDA	\$52	0.004			
NET	\$97,515	7.191			
NOR	\$40,714	3.002			
POR	\$27,438	2.023			
ROM	\$3,644	0.269			
RUS	\$62,476	4.607			
SPA	\$154,525	11.396			
SVK	\$3,280	0.242			
SWI	\$63,310	4.669			
UKR	\$2,343	0.173			
	\$1,356,000	100.000			<u>\$177,964</u>

3 Perform a proportional redistribution

ALB	0.023	0.054	\$96
AZE	0.019	0.045	\$80
BEL	4.231	9.868	\$17,562
BLR	0.077	0.179	\$319
CRO	0.192	0.448	\$797
CZE	1.079	2.516	\$4,478
DEU			\$0
EST	0.061	0.143	\$255
FIN	2.165	5.051	\$8,988
FRA			\$0
HUN	0.937	2.185	\$3,889
LTU	0.119	0.278	\$494
LUX	0.326	0.761	\$1,355
LVA	0.069	0.161	\$287
MDA	0.004	0.009	\$16
NET	7.191	16.773	\$29,849
NOR	3.002	7.003	\$12,462
POR	2.023	4.719	\$8,399
ROM	0.269	0.627	\$1,116
RUS	4.607	10.746	\$19,124
SPA	11.396	26.578	\$47,300
SVK	0.242	0.564	\$1,004
SWI	4.669	10.889	\$19,379
UKR	0.173	0.403	\$717
	42.876	100.000	\$177,964

4 Add the redistributed amounts to the original and recalculate the %

	TOTAL	%	Redistributed		Contributions redistributed	% redistributed
	\$1,356,000					
ALB	\$312	0.023	\$96		\$408	0.030
AZE	\$260	0.019	\$80		\$340	0.025
BEL	\$57,374	4.231	\$17,562		\$74,936	5.526
BLR	\$1,041	0.077	\$319		\$1,360	0.100
CRO	\$2,603	0.192	\$797		\$3,400	0.251
CZE	\$14,630	1.079	\$4,478		\$19,108	1.409
DEU	\$446,551	32.931	\$0	\$298,320	\$298,320	22.000
EST	\$833	0.061	\$255		\$1,088	0.080
FIN	\$29,364	2.165	\$8,988		\$38,352	2.828
FRA	\$328,054	24.193	\$0	\$298,320	\$298,320	22.000
HUN	\$12,704	0.937	\$3,889		\$16,592	1.224
LTU	\$1,614	0.119	\$494		\$2,108	0.155
LUX	\$4,425	0.326	\$1,355		\$5,780	0.426
LVA	\$937	0.069	\$287		\$1,224	0.090
MDA	\$52	0.004	\$16		\$68	0.005
NET	\$97,515	7.191	\$29,849		\$127,365	9.393
NOR	\$40,714	3.002	\$12,462		\$53,176	3.922
POR	\$27,438	2.023	\$8,399		\$35,836	2.643
ROM	\$3,644	0.269	\$1,116		\$4,760	0.351
RUS	\$62,476	4.607	\$19,124		\$81,600	6.018
SPA	\$154,525	11.396	\$47,300		\$201,825	14.884
SVK	\$3,280	0.242	\$1,004		\$4,284	0.316
SWI	\$63,310	4.669	\$19,379		\$82,688	6.098
UKR	\$2,343	0.173	\$717		\$3,060	0.226
	\$1,356,000	100.000			\$1,356,000	100.000

2. Calculation of tiered country contributions

Annex 1: Calculation of tiered country contributions
Based on the GNI/cap

1 Determine the ratio of the average GNP/cap in each country grouping, and determine the lowest common denominator rounding off to the unit

39259/9332/3088
12.72/3.02/1.00

2 Determine the unit contribution for staff costs based on GNI

\$565,000 / 16.74 = 33,751.49

3 Determine the unit contribution for operational costs based on GNI

\$791,000 / 16.74 = 47,252.09

4 Calculate the contribution by country grouping for staff costs

HI \$33,751.49343 * 12.72 = 429,319.00

HMI \$33,751.49343 * 3.02 = 101,929.51

LMI \$33,751.49343 * 1 = 33,751.49 \$565,000.00

5 Calculate the contribution by country grouping for operational costs

HI \$47,252.09 * 12.72 = 601,046.59

HMI \$47,252.09 * 3.02 = 142,701.31

LMI \$47,252.09 * 1 = 47,252.09 \$791,000.00

6 Distribute the group cost for staffing over the country members of the group

HI \$429,319.00 / 15 = 28,621.27

HMI \$101,929.51 / 5 = 20,385.90

LMI \$33,751.49 / 4 = 8,437.87

7 Distribute the group cost for operational expenses over the country members of the group

HI \$601,046.59 / 15 = 40,069.77

HMI \$142,701.31 / 5 = 28,540.26

LMI \$47,252.09 / 4 = 11,813.02
