Meeting between the representatives of the governing bodies of the ECE environmental conventions and the Committee of Environmental Policy Geneva, 27 February 2013

# Sustainable extrabudgetary financial arrangements for the ECE environmental conventions

#### Discussion paper by the secretariat

## Introduction

- 1. The Conference of the Parties to the Industrial Accidents Convention, at its seventh meeting (Stockholm, 14–16 November 2012), requested its Chair to include on the agenda of the next informal meeting of representatives of the governing bodies of the United Nations Economic Commission for Europe (ECE) environmental conventions<sup>1</sup> and the ECE Committee on Environmental Policy (CEP) an item on a harmonized approach and general solutions for sustainable extrabudgetary financing of the ECE environmental conventions.
- 2. This note first describes current approaches to extrabudgetary financing in CEP and ECE environmental conventions, based on inputs by responsible ECE staff, as well as arrangements under the UNEP chemical conventions.<sup>2</sup> The respective secretariats of the ECE environmental conventions were asked to report on any review of financial mechanisms that had been undertaken in the past four to five years, and on any long-term decisions that had been taken or mechanisms established; the CEP secretariat was asked only about the review of financial mechanisms.
- 3. The note concludes with a summary of the challenges currently faced and a short series of questions on options for sustainable extrabudgetary financial arrangements.

# I. Committee on Environmental Policy

- 4. Fundraising under CEP and the Environment for Europe (EfE) process is carried out when required. A specific activity, once agreed by CEP, is assessed in terms of the necessary human and financial resources. This assessment is presented to CEP for its consideration and decision and is followed up with fundraising letters. For CEP, fundraising is usually to support participation of country and NGO representatives in meetings; for EfE, it is for extrabudgetary expenditures related to the organization of Ministerial Conferences (every four to five years).
- 5. Regarding the expenditures of funds, at its eighteenth session (April 2012), CEP mandated the Bureau to consider criteria for financial support for participating in meetings and events with the view to assessing whether the current criteria were the most appropriate

Convention on Long-range Transboundary Air Pollution (LRTAP); Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention); Convention on the Protection and Use of Transboundary Watercourses and International Lakes; Convention on the Transboundary Effects of Industrial Accidents; and Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention).

<sup>&</sup>lt;sup>2</sup> Basel Convention on Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Stockholm Convention on Persistent Organic Pollutants; and Rotterdam Convention on Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

ones, and to provide recommendations to CEP at its nineteenth session (October 2013) (ECE/CEP/2012/2, para. 86).

6. It should be noted that CEP is provided with information on the status of financial resources available in various trust funds under the ECE Environment subprogramme, as well as estimated financial resources required for carrying out the respective workplans (or work programmes) for the given biennium. In addition, following remarks made by CEP at its sixteenth session (October 2009), an overview of all trust funds, including the contributions per country, is being provided to CEP on a biennial basis.

# II. Air Convention (LRTAP)

## A. Mandatory financing: EMEP

- 7. A mandatory financial mechanism was established by the Parties to the LRTAP Convention in 1984 when Parties adopted the Protocol on Long-term Financing of the Cooperative Programme for Monitoring and Evaluation of the Long-range Transmission of Air Pollutants in Europe (EMEP). The Protocol entered into force in 1988. Thirty-four ECE countries and the European Union (EU) are currently Parties to this Protocol. It is an instrument for international cost-sharing of a monitoring programme that forms the backbone for review and assessment of relevant air pollution in Europe in the light of agreements on emission reduction. The EMEP components are: collection of emission data; measurement of air and precipitation quality; and modelling of atmospheric dispersion. About 100 monitoring stations in 24 ECE countries participate in the programme.
- 8. The mandatory contributions amount to US\$ 2,358,000 annually and are divided among Parties according to the scale of assessments for the apportionment of the expenses of the United Nations, adjusted to those States that are Parties to the Convention. The contributions help to co-fund five EMEP Centres in four countries in Europe.

#### B. Voluntary financing of effects-oriented activities

- 9. Since 2000 there has also been a voluntary financial mechanism to co-fund activities related to the adverse effects of air pollutants and to integrated assessment modelling. The effects-oriented work is carried out at eight dedicated centres in seven European countries. Over the past four years, the voluntary contributions amounted to approximately US\$ 500,000- 900,000. As in the case of the EMEP Protocol, co-funding comes from host Parties, international projects and other multilateral environmental agreements.
- 10. In December 2012, the Convention's Executive Body:
  - Took note of the contributions made to the trust fund for effects-oriented activities for 2012, and welcomed the payments made, but also expressed disappointment at the lack of response by many Parties;
  - Urged all Parties that had not yet done so to consider providing the recommended contributions to the trust fund for financing core activities without undue delay;
  - Decided that the essential international coordination costs for financing the core activities of the Convention and its protocols, other than those covered by the EMEP Protocol, would be US\$ 2,152,700 in 2013, and would provisionally be US\$ 2,152,700 in 2014 and US\$ 2,152,700 in 2015;

- Maintained the 2010 United Nations scale of assessments for use in calculating the recommended contributions;<sup>3</sup>
- Requested the secretariat to inform Parties of the recommended contributions to the trust fund to meet the 2013 budget, inviting them to make them as agreed in a revised decision, and encouraging them to make the contributions before 30 November each year.

## C. Other voluntary financing

- 11. Other voluntary contributions from Parties help to finance support (including capacity-building activities) for countries in Eastern Europe, the Caucasus and Central Asia and to support the Convention secretariat.
- 12. The Executive Body makes only more general statements regarding these contributions, without reference to the scale of assessments, for example: reiterating its support to related elements of the work programme; welcoming the contributions to the trust fund and thanking those countries that have contributed; approving the proposed budget; and urging Parties to make contributions to the trust fund.

## **III.** Espoo Convention

- 13. No review of extrabudgetary financing has been undertaken in the past four to five years. Some such discussions took place in the early days of the Espoo Convention within the Bureau and the Working Group but no formal proposal was put forward to the Meeting of the Parties to consider.
- 14. Until now, no long-term decisions have been taken or mechanisms established, with decisions on budget and financing of the Convention and its Protocol on SEA having been taken at the sessions of the Meetings of the Parties for the subsequent three-yearly intersessional periods. The decisions have been rather similar each time—and maintain a system of shares—, for example in 2011:
  - Confirmed for country Parties the system of shares endorsed by decision III/10 of the Meeting of the Parties to the Convention, whereby countries choose to make contributions equivalent in value to a number of shares of the budget;
  - Decided that activities under the workplan for the period up to the next session that
    are not covered by the United Nations regular budget should be covered by
    contributions of ... shares of US\$ 1,000 each, of which ... shares would cover the
    core requirements and ... shares would cover the remaining non-core requirements;
  - Agreed the budget for the period up to the next session, as set out in a table;
  - Requested that Parties seek to transfer their contributions to the trust fund as early as
    possible in their budget year, so as to provide greater certainty for future financial
    and project management;
  - Encouraged Parties that have so far not pledged anything to make contributions
    during the current and future budget cycles, and also encouraged Parties that have so
    far only committed limited funds or in-kind contributions to raise their contributions
    during the current and future budget cycles, and requested the Bureau to contact
    such Parties for this purpose;
  - Further requested the secretariat to provide Parties with timely reminders concerning outstanding pledges;

<sup>&</sup>lt;sup>3</sup> Canada and the United States of America have opted out and make "voluntary contributions".

- Requested the Bureau ... to develop a strategy for carrying out the work under the Convention and Protocol given the financial constraints;
- Called upon countries with economies in transition to finance to the extent possible
  their own participation in the activities, and urged Parties and encourage non-Parties
  and relevant international organizations to contribute financial resources to enable
  countries with economies in transition and NGOs to participate in the meetings;
- Decided that securing proper staffing of the secretariat has priority above financial support to participants in formal meetings and that, among participants, priority should be given to representatives of Parties, then of non-Parties and then of NGOs.
- 15. In March 2012, when writing to countries to invite contributions by those Parties that have not already made or pledged contributions, or have only made or pledged limited contributions, the Bureau indicated a possible amount calculated based on the scale of assessments. In addition, when countries asked for advice on how much they contribute, the secretariat has provided an indicative amount calculated on the basis of the scale of assessments. Early in 2013, the Bureau proposed that this method of calculation for contributions be systematically applied.
- 16. At its meeting in January 2013, the Bureau prepared draft elements for a possible financial strategy for consideration by the Working Group on Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA), in May 2013, and ultimately for adoption by the next sessions of the Meetings of the Parties to the Convention and Protocol, scheduled for June 2014. These include, for example, the proposal set out in the box below that would change past practice.

#### Proposal to be put before the Working Group on EIA and SEA (2013)

#### Planning of future activities and drafting budgets

- When deciding on the next intersesional workplan, the Meetings of the Parties should at the same time agree on the budget and ensure that sources of extrabudgetary funding are identified;
- The draft workplans should indicate funding requirements/estimated costs for proposed activities;
- Activities for which no funding can be identified should not be included in the workplan upon its
  adoption, or should be included on a waiting list until appropriate funding is made available;
- The secretariat should not be tasked with fund raising, which takes up significant amount of resources

#### Income

- [The Bureau]/[the secretariat] should contact Parties and other stakeholders to encourage further
  and timelier financial contributions. Letters should be sent out after the Meeting of the Parties
  and/or at the [beginning]/[end] of each calendar year. They should be addressed to all the Parties
  that have made pledges at the Meeting of the Parties, as well as to Parties that have so far not
  pledged or contributed to the trust fund;
- To ensure a fair distribution of the financial burden among the Parties, the suggested minimum
  voluntary financial contributions for all Parties [or for Parties that have not contributed or
  pledged] should be calculated based on the agreed budget for the Convention and the scale of
  assessments for the apportionment of the expenses of the United Nations;
- Financial contributions should be made towards the overall implementation of the workplan [or be earmarked for a particular activity];
- Parties should be increasingly encouraged to make in-kind contributions for example through
  directly covering the cost of services linked to workplan activities (provision of expertise,
  organization of a meeting, publication of results etc.); and through funding directly the
  participation of representatives of countries with economies in transition, and the secretariat,
  rather than through contributions to trust fund.

## IV. Water Convention

- 17. Under the Water Convention, the decision establishing the trust fund in 2003 clearly specifies that there are only voluntary contributions (ECE/MP.WAT/15/Add.1, annex II). Since, there have been some very general discussions on how to have a broader number of Parties contributing, but it was always very clear that there was no consensus on establishing any kind of mandatory contribution, so other options for a potential financing mechanism were not seen as more effective than the existing one. There are regular calls to all Parties to provide resources, both from the governing body and from the secretariat. Many of the extrabudgetary resources are raised through project proposals.
- 18. For the Convention's Protocol (on Water and Health), the decision establishing the trust fund (ECE/MP.WH/2/Add.2, decision I/5) refers to the "the need for stable and predictable sources of funding and a fair sharing of the burden, transparency and accountability". It also states that a "voluntary scheme of contributions by Parties, Signatories, other States, regional economic integration organizations and other partners can provide an effective and workable solution in the short to medium term" while 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 using the United Nations scale of assessment or other appropriate scales".
- 19. Unfortunately there is no definition of what long term means. In the triennium 2007–2010, the Bureau looked closely at the issue and debated the opportunity to establish a voluntary "defined contribution" scheme. A document on financing options under the Protocol was submitted to the second session of the Meeting of the Parties, in 2010 (ECE/MP.WH/2010/5), but there was no consensus to change the Protocol's financing mechanism, so the Meeting of the Parties simply "committed to make the needed resources available" and agreed to further discuss this issue at its next session. One country has actually followed the scale of assessments and contributed according to the indications. Unfortunately there is still a significant gap between the resources that have been made available and the costs associated with the programme of work adopted by the Meeting of the Parties. Therefore a small sub-group of the Bureau has been discussing ways and means to fundraise the resources necessary for the implementation of the programme of work but it is not considering discussing a financing mechanism once more.

## V. Industrial Accidents Convention

- 20. At its sixth meeting, the Conference of the Parties to the Industrial Accidents Convention adopted a Long-term Strategy for the Convention (ECE/CP.TEIA/22, para. 24 (a) and annex I). At the same time, the Conference entrusted the Bureau to elaborate the details of a sustainable financial mechanism to support the implementation of the Long-term Strategy, and to present it at the seventh meeting (ibid., para. 24 (b)).
- 21. The Bureau then proposed to the Conference of the Parties in November 2012 the adoption of a sustainable financial mechanism that included the following: "Letters to those Parties that have not pledged or contributed to the trust fund, and that have not made or pledged an in-kind contribution to the implementation of the workplan, will suggest a specific amount be contributed. The amount will be calculated using the agreed budget for the Convention and the scale of assessments for the apportionment of the expenses of the United Nations, adjusted to those States that are Parties to the Convention" (ECE/CP.TEIA/2012/6, para. 26). However, in adopting the mechanism, the Conference replaced the above wording with: "Parties that have not made or pledged a contribution to the trust fund, and that have not made or pledged an in-kind contribution to the implementation of the workplan, will be encouraged to do so. Should Parties request advice as to the amount of financial contributions or the nature of possible in-kind contributions, the secretariat will provide such advice." The Conference observed that including reference

to the scale of assessments "might raise expectations that some Parties might not be in a position to fulfil".

- 22. The wording of the mechanism is otherwise soft (ECE/CP.TEIA/24, annex I), with the clearest statements being:
  - The primary responsibility for securing the necessary resources needed to implement the workplans lies with the Parties. The sustainability of the mechanism therefore requires the participation of all Parties in the implementation of the workplan activities;
  - All Parties are encouraged to provide resources for the implementation of the workplan activities and they are invited to consider contributions that reflect their economic strength, or higher. Other stakeholders are encouraged to provide contributions also;
  - In the years when meetings of the Conference of the Parties are held, the Parties will receive a draft biennial workplan with the resource requirements prepared by the Bureau together with a letter inviting them to provide contributions. Those Parties that have previously made significant contributions will be invited to maintain the level of their past contributions for the present workplan. Other Parties will be requested to provide contributions reflecting their economic strength;
  - The Parties will receive a letter in the year between the meetings of the Conference of the Parties referring to the adopted workplan, and reporting on the status of the trust fund, and will be invited to provide contributions. If shortfalls in biennial funding occur, the letter will draw the attention of the Parties to this fact.
- 23. In practice, when countries asked for advice on how much they contribute, the secretariat has recently been providing an indicative amount calculated on the basis of the scale of assessments. Few Parties make financial contributions to the trust fund for the Industrial Accidents Convention: 10 did so in the biennium 2011–2012.

## VI. Aarhus Convention

- 24. The situation under the Aarhus Convention has been similar to that under the Espoo Convention, with a broad base for contributions: 37 Parties/States in the 3 years to 2011.<sup>4</sup>
- 25. At the fourth session of the Meeting of the Parties, held in 2011, the draft decision on financial arrangements provided voluntary contributions that might be distributed in proportion to the scale of assessments. However, no reference to the scale of assessments was included in the adopted decision. The Meeting of the Parties:
  - Maintained an interim voluntary scheme of contributions aimed at covering the costs
    of activities under the work programme that are not covered by the United Nations
    regular budget, based on the following principles:
    - The Parties should endeavour to collectively ensure that the costs of the activities of the work programme that are not covered by the United Nations regular budget are covered through the financial scheme;
    - No Party or Signatory is expected to contribute less than US\$ 200;
    - Contributions shall be made in cash and shall not be earmarked for a particular activity. Additional contributions may be made in cash or in kind and may be earmarked for a particular activity;

<sup>&</sup>lt;sup>4</sup> However, the amounts contributed for the Aarhus Convention and its Protocol were approximately triple those made for the Espoo Convention and its Protocol, though exact comparisons are difficult.

- Insofar as possible, and subject to the internal budgetary procedures of the
  Parties, contributions for a given calendar year should be made by the end of
  the preceding year, so as to secure staff costs for the smooth functioning of
  the secretariat, as a priority, and the timely and effective implementation of
  the priority activities of the respective programme of work;
- Requested Parties to contribute each year towards the costs of activities under the work programme, in accordance with the interim voluntary scheme;
- Invited Signatories, other interested States and organizations to contribute, in cash or in kind, towards covering the costs of the work programme;
- Encouraged Parties that have historically contributed generously to maintain, or return to, their previous levels of contribution;
- Also encouraged Parties that have so far not contributed, or have contributed significantly less than the amounts stipulated above, to increase their contributions during the current and future budget cycles to the specified levels, and requests the Bureau to liaise with such Parties where appropriate concerning the achievement of this goal;
- Requested the Secretariat and the Working Group of the Parties to prepare an
  assessment of the current interim scheme of contributions and its relationship to the
  work of the Convention. This assessment, together with any budgetary constraints
  faced by Parties, shall be taken into account when preparing the decision on
  financial arrangements for adoption by the Meeting of the Parties at its fifth session.
- 26. The existing scheme was thus continued but an assessment of this scheme is underway, the objectives of which are to:
  - Review various aspects of the flow of contributions (e.g., donors, amounts, dates when contributions were received) during the implementation of the work programmes 2006–2008, 2009–2011 and 2012–2014);
  - Identify a correlation between the flow of contributions and the implementation of the work programmes;
  - Identify the most effective financial scheme for supporting implementation of the Convention;
  - Provide a comparative survey on the contribution models used by other multilateral environmental agreements.
- 27. The Working Group of the Parties of the Convention's Protocol (PRTR) considered at its latest meeting (November 2012) a note on financial arrangements and mandated the Bureau to prepare a draft decision on financial arrangements for the Working Group's next meeting (November 2013) (see box overleaf).

#### Options put before the Working Group of the Parties to the PRTR Protocol (2012)

#### Option A - voluntary, not distributed

To continue maintaining a voluntary scheme of contributions without distributing the burden of covering the costs of the activities among the Parties and Signatories in proportion to the scale of assessments. No Party and Signatory will be required to contribute less than US\$ 200, or US\$ 500.

#### Option B – voluntary, classes of donor

To establish a voluntary scheme of contributions with distributing the burden of covering the costs of the activities among the Parties and Signatories based on the following principles:

- "Little" donors are expected to contribute US\$ 200–5 000
- "Middle" donors are expected to contribute US\$ 5 000–30 000
- "Big" donors are expected to contribute not less than US\$ 30 000

#### Option C – mandatory, classes of donor (rejected by the Working Group of the Parties)

To establish a mandatory scheme of contributions aimed at covering the costs of activities that are not covered by the United Nations regular budget, based on the following principles:

- "Little" donors are expected to contribute US\$ 200–5 000
- "Middle" donors are expected to contribute US\$ 5 000–30 000
- "Big" donors are expected to contribute not less than US\$ 30 000

#### Option D - mandatory, scale of assessments

To establish a mandatory scheme of contributions aimed at covering the costs of activities that are not covered by the United Nations regular budget, based on the following principles:

- The burden of covering the costs of the activities shall be distributed among the Parties and Signatories in proportion to the United Nations scale of assessments;
- The scale of assessments shall be adjusted so that no Party and Signatory is required to contribute more than 20 per cent of the estimated costs to be covered by the scheme;
- Each Party and Signatory shall contribute each year, as a minimum, the amount derived from
  applying the adjusted scale of assessments to the total estimated costs of the activities;

The secretariat will circulate to the Parties and Signatories each year during the month of October an updated version of the table for the following calendar year, indicating contributions contained in the annex, reflecting any changes to:

- The estimated costs of activities for the next calendar year,
- The composition of the Parties, or
- The scale of assessments.

which will take effect for the following calendar year and supersede the previous version.

#### VII. UNEP chemical conventions

28. The financing of the UNEP chemical convention's secretariat and the relevant bodies is subject to *financial rules for the Conference of the Parties, its subsidiary bodies and the Convention Secretariat*; these rules are replicated for the Basel, Rotterdam and Stockholm Conventions.<sup>5</sup> The respective COPs meet jointly every two years and the financial period is also the biennium (two calendar years).

These financial rules should not be confused with, for example, the financial mechanism under the Stockholm Convention as outlined in its article 13 (art. 14 provides for interim financial arrangements). This financial mechanism addresses, for example, changes to industrial production to

- 29. The Executive Secretary for the three chemical conventions prepares a budget (expected income and expenditure) for the coming biennium, while reporting on the actual budget for the previous biennium and the estimated budget for the current biennium. The budget proposal is broken down by year, by staff vs. non-staff costs and by whether each budget line is covered from the general trust fund (mainly P/G staff, some consultants) or the additional voluntary trust fund (mainly subcontracts and consultants—for technical assistance, training and capacity-building—and meeting participants' travel/DSA). For the Stockholm Convention, current biennium, the general trust fund is expected to cover approximately US\$ 5 million per annum, the voluntary fund about US\$ 4 million. Budget lines cover everything from COP and Bureau meetings, to individual publications, to management's policy advice, to office space, to technical assistance programmes. Many budget items are shared across the three conventions, this being made clear in the individual convention budgets.<sup>6</sup>
- 30. The Executive Secretary also has to provide COP with cost estimates for actions that have budgetary implications that are not foreseen in the draft programme of work, but are included in proposed draft decisions, prior to the adoption of those decisions by COP.
- 31. Prior to the "coming biennium", the COP considers the budget estimates and adopts an operational budget by consensus authorizing expenditures from a general trust fund. The Executive Secretary is authorized to transfer funds between budget lines within the different groups of activities ("appropriation lines") and by up to 20% between the appropriation lines, of course within the overall budget envelope. A working capital reserve is maintained.
- 32. The contributions made each year by the Parties to the general trust fund are on the basis of an indicative scale adopted by consensus by COP and based on the United Nations scale of assessments, adjusted so as to ensure that no Party contributes less than 0.01% of the total, that no one contribution exceeds 22% of the total and that no contribution from a least developed country Party exceeds 0.01% of the total. Contributions are due by 1 January of the year in question, with contribution notifications sent by the secretariat the previous 15 October. This approach might best be referred to as a scheme for "defined contributions" rather than "mandatory contributions", as the amount is defined by common agreement expressed in a decision of the governing body rather than contributions being commanded or legally binding.
- 33. There do not appear to be rules governing contributions to the voluntary trust fund.

## VIII. Discussion

34. The core servicing of the ECE environmental conventions is based upon the United Nations regular budget, which is in turn based upon the scale of assessments with all Member States contributing. The regular budget covers a limited number of professional and general service staff working as the convention secretariats. They are supported by numerous other staff, both in terms of management and in specialist fields (editor, legal adviser, financial and administrative officers, interpreters, translators, etc.). Infrastructure—offices, information technology, meeting rooms, etc.—is also funded by the regular budget.

phase out POPs, and provides for the disbursement of billions of US dollars in assistance.

<sup>&</sup>lt;sup>6</sup> For example, guidance on POPs waste was proposed to be co-funded between two conventions: Basel: US\$ 17,500 per annum; and Stockholm: US\$ 20,000 per annum.

Adjustments are also made to take account of contributions of parties that are not members of the United Nations, as well as those of regional economic integration organizations that are parties.

- 35. The financial challenges faced by the ECE conventions at present include:
  - (a) Unpredictability of funds;
- (b) Variability of funds, year on year, making difficult the retention of experienced staff, for example;
- (c) Late arrival of funds, making difficult the necessary allotment of funds to cover expenditure and the offering of at least yearly contracts to staff;
  - (d) Mismatch between workplans and funding;
- (e) Mismatch between functions assigned to the secretariat and secretariat staff resources, including because protocols have entered into force and compliance mechanisms have been adopted without a corresponding increase in staffing;
- (f) Low probability that regular budget funding will be able to match the increasing ambition levels of the workplans under the conventions;
- (g) Earmarking, which often reflects the wishes of the donor and not of the Parties collectively (possible exception: financial support of participants);
- (h) Dependence on a limited number of major donors with a poor correlation between contributions made and economic strength.
- 38. The above challenges lead to the following questions:
- (a) Would Parties agree to discontinue (not just discourage) earmarking of main contributions and earmark only additional contributions (as per the decisions under the Aarhus Convention)?
- (b) Would a scheme of voluntary contributions against the scale of assessments work (noting the experience under the LRTAP Convention)?
- (c) Would Parties accept a defined contributions scheme based upon the scale of assessments? Would alternative scales be acceptable, such as bands (the "little", "middle" and "big" levels being discussed under the PRTR Protocol) or a hybrid approach with a large part of the budget being shared equally between Parties (possibly with minor adjustments) and the remainder being shared according to the scale of assessments? 8
- (d) Are there true alternatives to the status quo if a defined contribution scheme is unacceptable?
- 39. Moving towards a more sustainable, predictable, fair and harmonized system of financing of the ECE environmental conventions would require a clear political will of donor countries. This is a prerequisite to further discussion on the many issues that would need to be addressed in shaping such a system, including what costs should it cover, financial arrangements for managing the funds and the ring-fencing of regular budget resources.

For example, the EU contribution (through the European Commission) might be fixed at 2.5%; State Parties with larger economies would contribute 2%, say; middle-sized ones, 1%; and smaller ones, 0.5%. The balance would then be shared between the State Parties according to the scale of assessments. This would in effect "flatten" the scale and ease the burden on the larger economies.

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