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

Ninth session

Geneva, 29 September–1 October 2021

Item 11 of the provisional agenda

Financing of the Convention

Draft decision on targets for a more sustainable and predictable funding of the work under the Convention

Prepared by the secretariat in consultation with the Bureau

Summary

At its eighth session (Nur-Sultan, 10–12 October 2018), the Meeting of the Parties to the Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) requested the secretariat, in cooperation with the Bureau, to prepare options for a more sustainable and predictable funding of the work under the Convention for discussion at the ninth session of the Meeting of the Parties. The Convention's Bureau discussed the various options and considered that it was important to introduce a system of drivers to address the main challenges encountered in financing the programme of work, while not introducing a mandatory contribution scheme.

A draft proposal,^a including, in particular, potential targets for financial sustainability of the work under the Convention, prepared by the secretariat in cooperation with the Bureau, was presented to the Working Group on Integrated Water Resources Management at its fifteenth meeting (Geneva, 30 September–2 October 2020). The Working Group welcomed the draft targets.^b

On that basis, a draft decision on targets for a more sustainable and predictable funding of the work under the Convention (ECE/MP.WAT/WG.1/2021/8-ECE/MP.WAT/WG.2/2021/8) was developed and presented to the Working Group on Integrated Water Resources Management and the Working Group on Monitoring and Assessment at their third joint meeting (Geneva, 26–28 April 2021). The working groups endorsed the draft decision and requested the secretariat to submit it to the Meeting of the Parties for adoption at its ninth session (ECE/MP.WAT/WG.1/2021/2-ECE/MP.WAT/WG.2/2021/2, forthcoming).



The Meeting of the Parties is therefore invited to consider the draft decision on targets for a more sustainable and predictable funding of the work under the Convention, with a view to its adoption.

^a See ECE/MP.WAT/WG.1/2020/INF.8, available at <https://unece.org/environmental-policy/events/fifteenth-meeting-working-group-integrated-water-resources-management>.

^b See ECE/MP.WAT/WG.1/2020/2, para. 84.

I. Background and explanatory information

A. Current situation under the Convention

1. Except for a few United Nations regular budget resources, mainly covering three permanent staff member positions in the secretariat, office costs, costs for publications, documents and translations, as well as meetings, including interpretation, the Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) is mainly funded from extrabudgetary resources, like most other multilateral environmental agreements (many of which are fully funded from extrabudgetary resources). Through decision III/2, in 2003, the Parties to the Convention established a voluntary trust fund under the Convention to promote effective implementation of the Convention and its Protocols and invited Parties to make voluntary contributions thereto (ECE/MP.WAT/15/Add.1, annex II).

2. The Parties commit to financing the programme of work when adopting both it and its budget every three years.¹

3. However, the way the work under the Convention is financed, i.e. through voluntary contributions, represents a significant challenge for the effective implementation of the programme of work. Only slightly more than a third of all Parties currently contribute financially to the trust funds. Furthermore, some Parties provide in-kind contributions. The majority of contributions are earmarked for specific activities or projects, and often entail burdensome administrative procedures in terms of preparing project proposals and reporting to donors. For example, in 2016–2018:

- Only 38 per cent of the Parties financed the programme of work (16 out of 42 Parties).
- Only 26 per cent of the Parties regularly contributed (11 out of 42 Parties).
- Only 17 per cent of all contributions were unearmarked and did not require individual reports.

4. The secretariat therefore devotes significant time and resources to fundraising and the administration of earmarked contributions, in addition to those secretariat resources already required for reporting to the Meeting of the Parties and the Convention's bodies. Moreover, this also means that the activities implemented are not always those for which there is the greatest need, but rather those for which funding can be mobilized.

5. Recognizing these challenges in the financing of the work under the Convention, the Meeting of the Parties, at its eighth session (Nur-Sultan, 10–12 October 2018), requested the secretariat, in cooperation with the Bureau, to prepare options for a more sustainable and predictable funding of the work under the Convention for discussion at the ninth session of the Meeting of the Parties.²

B. Importance and usefulness of financing the programme of work of the Water Convention

6. There are numerous direct and indirect benefits from contributing financially to the Convention's trust fund. Countries benefit from the capacity-building and exchange of experience offered by the Convention's intergovernmental framework, legal and policy advice from the secretariat, the different intergovernmental bodies such as the Implementation Committee, the publications and guidance materials produced, as well as, in several cases, support on the ground, for example, through pilot projects. The intergovernmental framework and meetings of the Convention also provide a wide range of

¹ See ECE/MP.WAT/54, para. 103 (g), and Add.1.

² See ECE/MP.WAT/54, para. 103 (h).

opportunities for networking, establishing new partnerships, donor relations and, potentially, fundraising, among many other benefits.

7. Continuing this successful work, achieving the long-term objectives, meeting the strategic priorities and delivering the ambitious outcomes adopted by Parties as part of the Vision for the future of the Convention on the Protection and Use of Transboundary Watercourses and International Lakes (ECE/MP.WAT/37/Add.2), the Strategy for the implementation of the Convention at the global level (ECE/MP.WAT/54/Add.2) and the triennial programmes of work under the Convention requires sustainability and predictability in funding for the work under the Convention.

II. Draft decision of the Meeting of the Parties on targets for a more sustainable and predictable funding of the work under the Convention

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

Recalling decision III/2,¹ which established a trust fund under the Convention for voluntary contributions to support the promotion and effective implementation of the Convention and its Protocols and invited Parties to make voluntary contributions,

Recalling also that all Parties commit to financing the programme of work when adopting it and its budget at the triennial sessions of the Meeting of the Parties,²

Recalling further that the Meeting of the Parties at its eighth session (Nur-Sultan, 10–12 October 2018) requested the secretariat, in cooperation with the Bureau, to prepare options for a more sustainable and predictable funding of the work under the Convention,³

Noting that effective implementation of the programme of work is challenged by the limited number of Parties contributing financially to the trust fund and the resulting uncertainties for planning and implementation,

Recognizing that, in the light of the recent transformation of the Convention into a global legal and institutional platform for transboundary water cooperation, the effective and comprehensive implementation of the programmes of work under the Convention requires a more predictable and sustainable funding of its work,

Recognizing also the many benefits of financing the programme of work of the Water Convention,

Determined to ensure a more sustainable and predictable funding of the work under the Convention,

Decides to adopt targets for financial sustainability of the work under the Water Convention, as contained in the annex to the present decision;

Urges all Parties to provide regular and unearmarked financial contributions to the trust fund in accordance with the adopted targets;

Encourages Parties to make in-kind contributions to the implementation of the programme of work;

Invites non-Parties and partners to contribute to the implementation of the work under the Convention;

¹ ECE/MP.WAT/15/Add.1, annex II.

² See ECE/MP.WAT/54, para. 103 (g), and Add.1.

³ See ECE/MP.WAT/54, para. 103 (h).

Entrusts the Working Group on Integrated Water Resources Management with the task of regularly reviewing progress in the achievement of the targets;

Decides to review the targets, in the light of the progress accomplished, at its tenth session.

Annex

Targets for a more sustainable and predictable funding of the work under the Water Convention

Objective 1: Achieve a fairer share of the burden of financing the implementation of the programme of work

Rationale: Given that it is adopted by the Meeting of the Parties, all Parties should be responsible for financially supporting the programme of work and for its implementation. However, currently, fewer than half of the Parties finance the programme of work.

Indicator: Percentage of Parties financing the programme of work.

Baseline in 2016–2018: 38 per cent of the Parties financed the programme of work (16 out of 42 Parties).

Targets: By 2024, at least 50 per cent of all Parties finance the programme of work. By 2030, at least 66 per cent of all Parties finance the programme of work.

Objective 2: Improve reliability and predictability of funding

Rationale: Without mandatory contributions, the lead Parties for programme areas of the Convention programme of work and the secretariat need to have a regular, reliable and predictable cash flow to be able to plan activities. It is therefore important that Parties contribute regularly, normally each year (see exceptions in next paragraph), to the implementation of the programme of work. It is also important that they announce such contributions at the beginning of the triennium, ideally at or before the session of the Meeting of the Parties at which the programme of work is adopted.

However, considering the administrative costs incurred by the United Nations when receiving contributions, some countries, especially those with economies in transition, developing countries or countries with small populations, making contributions of less than \$5,000 per triennium, are invited to bundle and provide multi-annual contributions combined for several years at the outset of the triennium, if possible.

Indicator: Percentage of Parties contributing regularly (normally every year, see exceptions above) to the implementation of the programme of work.

Baseline in 2016–2018: 26 per cent of the Parties regularly contributed (11 out of 42 Parties).

Targets: By 2024, 50 per cent of all Parties contribute regularly to the implementation of the programme of work. By 2030, 66 per cent of all Parties contribute regularly to the implementation of the programme of work.

Objective 3: Support a balanced implementation of all programme areas and simplify donors' requirements to increase efficiency

Rationale: Many financial contributions to the Convention's trust fund are earmarked for specific activities, programme areas or projects. This implies a risk of unbalanced implementation of the programme of work, depending on funds received, and increases the administrative burden for the secretariat. It is therefore important to increase the share of overall funding that is unearmarked, i.e. that can be used in a flexible way for all programme areas, as needed. Recently, more and more donors have agreed to provide unearmarked funding.

Unearmarked funding should go together with removing donors' requirements for reporting on the use of specific contributions. While the bodies under the Convention are briefed on a yearly basis on the advancement of activities through detailed substantial and financial reports (reports are submitted yearly to the Working Group on Integrated Water Resources Management and triennially to the Meeting of the Parties), a number of donors require in addition separate reports for their contributions. This increases the workload of the secretariat and decreases its efficiency. As for other trust funds, including under some multilateral environmental agreements serviced by the United Nations Economic

Commission for Europe (ECE), Parties should progressively move towards using the above-mentioned annual reports to the Working Group on Integrated Water Resources Management and the Meeting of the Parties for their internal accounting.

Indicator: Percentage of contributions that are unarmarked and do not require individual financial or narrative reports.

Baseline in 2016–2018: 17 per cent of all contributions were unarmarked and did not require individual reports.

Targets: By 2024, 50 per cent of all contributions are unarmarked and do not require individual reports. By 2030, 66 per cent of all contributions are unarmarked and do not require individual reports.
