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## **Economic Commission for Europe**

Meeting of the Parties to the Convention  
on Environmental Impact Assessment  
in a Transboundary Context

Meeting of the Parties to the Convention  
on Environmental Impact Assessment in  
a Transboundary Context serving as the  
Meeting of the Parties to the Protocol on  
Strategic Environmental Assessment

### **Working Group on Environmental Impact Assessment and Strategic Environmental Assessment**

Tenth meeting

Geneva, 1–3 December 2021

Item 6 of the provisional agenda

Financial arrangements

## **Bureau's proposals on financial arrangements**

### **Note by the Bureau**

#### *Summary*

At their last sessions (Vilnius (online), 8–11 December 2020), the Meetings of the Parties to the Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention) and its Protocol on Strategic Environmental Assessment requested the Bureau to once again propose possible solutions to the issue of continued insufficiency, uneven distribution and unpredictability of contributions for the implementation of the workplans, considering also experiences of the other ECE multilateral environmental agreements in that regard. Possible revision proposals to the financial scheme adopted through decision VIII/1–IV/1 for 2021–2023, were to be presented to the Working Group on Environmental Impact Assessment and Strategic Environmental Assessment, at its eleventh meeting, preliminarily scheduled for December 2022, and ultimately to the Meetings of the Parties in December 2023.

This document presents the outcomes of the Bureau's initial discussions at its meeting on 16 and 17 June 2021. The annex to the document contains a compilation of previous financial proposals that the Bureau put forward over the past years.

The Working Group is invited to comment the information and to provide guidance regarding any future revision of the present financial scheme.

## I. An account of the Bureau's deliberations in June 2021

1. At its meeting on 16 and 17 June 2021, held online, the Bureau to the Meetings of the Parties to the Convention on Environmental Impact Assessment in a Transboundary Context and to the Protocol on Strategic Environmental Assessment discussed the request by the Meetings of the Parties, at their last sessions (Vilnius (online), 8–11 December 2020), for the Bureau to continue to reflect on the previously presented possible solutions to the issue of the insufficiency, uneven distribution and unpredictability of contributions for the implementation of the workplan for 2021–2023, considering also experiences of the other ECE multilateral environmental agreements in that regard.<sup>1</sup> The Bureau was to present the outcomes of its reflections for consideration of the Working Group on Environmental Impact Assessment and Strategic Environmental Assessment at its meeting in December 2022 prior to their submission to the Meetings of the Parties in December 2023.

2. As a basis of its initial deliberations, the Bureau considered a document by the secretariat compiling the Bureau's previous proposals for improving the financial situation under the two treaties since 2011 and beyond, noting that several of them had not been adopted by the Meetings of the Parties.<sup>2</sup>

3. The paras 4–7 below outline the Bureau's initial reflections.

4. Following discussions, the Bureau concluded that it was premature for it to present revision proposals to the financial arrangements for 2021–2023 that the Meetings of the Parties had adopted last year. It agreed that it would be necessary for the Bureau and the Working Group to first see:

(a) To what extent the newly adopted financial scheme would be implemented, and in particular, whether all the Parties would fulfil their “duty to contribute to the sharing of the costs that are not covered by the United Nations regular budget”;<sup>3</sup>

(b) To what extent the current financial scheme was sufficient in remedying the insufficiency of the funds to the trust fund.

5. Having noted the information from the secretariat that 35 Parties out of 45 Parties to the Convention had that far committed themselves to contributing funds for financing the implementation of the workplan for 2021–2023<sup>4</sup>, the Bureau invited the remaining ten Parties (Azerbaijan, Belarus, Bosnia and Herzegovina, Kazakhstan, Kyrgyzstan, Liechtenstein, Malta, North-Macedonia, Serbia, and the United Kingdom of Great Britain and Northern Ireland) to also pledge and contribute funds for that purpose and to report to the Working Group on their contributions/plans to contribute. The secretariat was asked to prompt the national focal points of the concerned Parties. In absence of contributions by 31 December [2021], the secretariat would be invited to write to those Parties to “impress upon them the importance of contributing”<sup>5</sup>. In addition, to promote the effective implementation of the current financial scheme by all Parties, the Bureau suggested including into the draft questionnaires for the report on the implementation of the Convention and the Protocol<sup>6</sup> a question on Parties' contributions to the trust fund under the respective treaties.

6. The Bureau invited the secretariat to inform the Working Group of any possible new financial arrangements that the Meetings of the Parties to the other UNECE Multilateral Environmental Agreements might have decided at their sessions held in 2021. As a next step, in advance of its next meeting, scheduled for 9 and 10 June 2022, the Bureau requested the secretariat to prepare a more complete overview of the approaches of the other ECE Multilateral Environmental Agreements.

<sup>1</sup> ECE/MP.EIA/30/Add.1–ECE/MP.EIA/SEA/13/Add.1, decision VIII/1–IV/1, para. 13.

<sup>2</sup> For the contents of the informal document to the Bureau, see annex to the present document.

<sup>3</sup> Decision VIII/1–IV/1, para. 1.

<sup>4</sup> ECE/MP.EIA/30/Add.1–ECE/MP.EIA/SEA/13/Add.1, decision VIII/2–IV/2, annexes I and II.

<sup>5</sup> Decision VIII/1–IV/1, para. 12 (d).

<sup>6</sup> See proposed modifications to the questionnaires for the report on the implementation of the Convention and the Protocol on 2019–2021, section on “Contributions to the funding of the workplans”.

7. The Bureau agreed, at its next meeting, to continue to consider possible revisions to the present financial scheme with a view to forwarding any such proposals to the Working Group at its eleventh meeting (Geneva, 19–21 December 2022). In its further deliberations, the Bureau would consider the feedback from the Working Group at its tenth meeting.

## II. Financial arrangements recently agreed under the UNECE Multilateral Environmental Agreements

### A. The Aarhus Convention

8. The seventh session of 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) and the fourth session of the Protocol on Pollutant Release and Transfer Registers (Protocol on PRTRs) was held in Geneva from 18 to 22 October 2021.

9. Through decision VII/6 on financial arrangements under the Convention, adopted, as revised, by the Meetings of the Parties of the Aarhus Convention for the period 2022–2025,<sup>7</sup> the Parties to that Convention agreed to continue to use the existing scheme of voluntary contributions as reflected in previous decision VI/6 of the Meeting of the Parties to the Convention (ECE/MP.PP/2017/2/Add.1) aimed at covering the costs of activities under the work programme that are not covered by the United Nations regular budget. The other options that had been proposed by the Bureau to the Aarhus Convention (see ECE/MP.PP/2021/13) were disregarded. These had included options for

- (a) Recommendatory contributions;
- (b) Mandatory contributions;
- (c) Distributing the burden of covering of the costs in proportion to the United Nations scale of assessment.

10. The Aarhus Convention decision VII/6 sets out, inter alia that

- The Parties should 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 1,000 United States dollars for the Convention's work programme in its contribution for a given calendar year;
- 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;
- Signatories, other interested States and public entities, as well as the private sector, are invited to contribute, in cash or in kind, towards covering the costs of the work programme;
- The Bureau, with the assistance of the secretariat, is requested to provide an estimation of the operational costs needed for the effective functioning of the Convention, which should be clearly distinct from the cost of other activities which are subject to the availability of resources;

<sup>7</sup> See ECE/MP.PP/2021/CRP.7, available at: [https://unece.org/sites/default/files/2021-10/ECE\\_MP.PP\\_2021\\_CRP.7\\_2.pdf](https://unece.org/sites/default/files/2021-10/ECE_MP.PP_2021_CRP.7_2.pdf)

## B. The Protocol on Pollutant Release and Transfer Registers

11. On 22 October 2021, the Meeting of the Parties to the Protocol on Pollutant Release and Transfer Registers to the Aarhus Convention adopted decision IV/4 on financial arrangements<sup>8</sup> under that Protocol, which is similar to that adopted under the Aarhus Convention. Through that decision, the Parties decided to continue maintaining the interim voluntary scheme of contributions as reflected in decision III/3 of the Meeting of the Parties to the Protocol aimed at covering the costs of activities under the work programme that are not covered by the United Nations regular budget.

## C. The Water Convention

12. The Meeting of the Parties to the Convention on the Protection and Use of Transboundary Watercourses and International Lakes held its ninth session in Geneva, from 29 September to 1 October 2021. It adopted a decision on targets for a more sustainable and predictable funding of the work under the Convention<sup>9</sup> prepared by the secretariat in consultation with the Bureau. The Bureau had also discussed but then rejected a mandatory financial scheme. The aims of the three adopted targets were to:

- (a) Achieve a fairer share of the burden of financing the implementation of the programme of work, (through an increased percentage of Parties financing it);
- (b) Improve reliability and predictability of funding (through an increased percentage of Parties contributing regularly to the implementation of the programme of work;)
- (c) Support a balanced implementation of all programme areas and simplify donor's requirements to increase efficiency (through an increased percentage of contributions that are unearmarked and not requiring individual reports).

13. Under the Water Convention, Parties have thus far not adopted financial schemes nor separate dedicated financial decisions but, instead, decisions taken by the Meeting of the Parties include financial elements. In October 2021, decisions of the Meeting of the Parties to the Water Convention included the following financial elements:<sup>10</sup>

- (a) Financing of the Convention:
  - Took note of the overview of contributions and expenditures in 2019–2021 (ECE/MP.WAT/2021/7) and thanked all the countries and organizations that had provided the financial resources to ensure the implementation of the 2019–2021 programme of work;
  - Adopted the decision on targets for a more sustainable and predictable funding of the work under the Convention as contained in the document ECE/MP.WAT/2021/8;  
Took note of the efforts undertaken by the secretariat and the Bureau, following its request at the eighth session (ECE/MP.WAT/54, para 103), to solicit the provision of additional human and financial resources from the regular budget to ensure the effective management and full implementation of the programme of work;
  - Expressed regret that despite these efforts, it was not possible to secure additional resources from the regular budget to the work under the Water Convention and decided to discuss this issue again at future sessions of the Meeting of the Parties;

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<sup>8</sup> See ECE/MP.PRTR/2021/CRP.4, available at: <https://unece.org/sites/default/files/2021-10/ECE-MP.PRTR-2021-CRP.4.pdf>

<sup>9</sup> [https://unece.org/sites/default/files/2021-07/ECE\\_MP.WAT\\_2021\\_8\\_decisions\\_targets\\_ENG.pdf](https://unece.org/sites/default/files/2021-07/ECE_MP.WAT_2021_8_decisions_targets_ENG.pdf)

<sup>10</sup> See items 11 and 18 : [https://unece.org/sites/default/files/2021-10/ENG\\_List%20decisions\\_MOP9\\_1\\_Oct\\_final.pdf](https://unece.org/sites/default/files/2021-10/ENG_List%20decisions_MOP9_1_Oct_final.pdf)

- Requested the ECE Executive Secretary to establish a new post at P5 level to be funded from voluntary extra budgetary contributions to act as Secretary of the Water Convention;

Invited the ECE Executive Secretary to consider ways to consolidate the resources dedicated to servicing the Water Convention and the Protocol on Water and Health for maximum efficiency and impact.

(b) Programme of work for 2022–2024, terms of reference of the bodies established to implement it and resources needed for its implementation

- Thanked the Parties and organizations that had provided leadership and support to the activities under the programme of work for 2019–2021;
- Conveyed its appreciation to the Parties and organizations that had expressed readiness to take a lead role in the implementation of the programme work for 2022–2024 and to those that had offered to finance parts of it;
- Adopted the programme of work for 2022–2024, the bodies established to implement it and the relevant budget (see ECE/MP.WAT/2021/3) [as amended during the session];
- Requested the Bureau to make arrangements to further develop the programme of work and adapt it to changing circumstances, by clarifying, adding or skipping activities, and avoid, to the extent possible, duplication of efforts with water-related activities of other United Nations bodies and other international organizations, in accordance with its terms of reference as laid down in the rules of procedure of the Meetings of the Parties (ECE/MP.WAT/54/Add.2);
- Called on Parties to provide the extrabudgetary resources required to implement the programme of work in line with the decision on targets for a more sustainable and predictable funding of the work under the Convention (ECE/MP.WAT/2021/8);
- Invited non-Parties and partners to also support implementation of the future programme of work.

## Annex

### Previous proposals to remedy to the lack of sufficient and predictable funding

#### I. 2017–2020: Financial crisis and proposals for a new financial scheme

1. In 2017–2020, the unbudgeted extension of the intersessional period by six months and the need for the Meetings of the Parties to meet three times in 3,5 years (in 2017, 2019 and 2020), exacerbated the already difficult financial situation for the two treaties and put at risk the functioning of the secretariat.

2. The intermediary sessions of the Meetings of the Parties (February 2019) invited the Bureau to propose how to address the six-month budgetary hole. At its meeting in 2019, the Bureau expressed serious concerns about the insufficiency of the funding and the overreliance on only a few main donors in general. It was particularly concerned about the scarcity of the secretariat staffing compared to the workload for servicing the Convention and the Protocol, which continued to increase from year to year, e.g. in terms of the use of the review of compliance mechanism, capacity building, resource mobilization and outreach activities, while the available resources remained the same since decades. That unsustainable development put the secretariat under a considerable strain that could, in absence of increased resources, lead to the need to cut some of the current services and activities. In addition, it pointed out that the funding requirements had to be reassessed taking into account the enlarged scope of the treaty application both in terms of the future widening of their geographical scope and global commitments, including Sustainable Development Goals and climate change prevention and mitigation

3. Consequently, the Bureau agreed that Parties should be strongly invited to contribute more not only to address the six-month budgetary hole in the present intersessional period but also to tackle the general and longstanding scarcity of resources for the Convention and the Protocol that put at risk the functioning of the two treaties and their servicing by the secretariat. Parties should also address the continuous lack of predictability of the funding and the inherent vulnerabilities for the work programme delivery from a too narrow donor base for voluntary contributions. Currently, a reduction of funding or a complete withdrawal of one the only few main donors would stop key functions of the treaties and lead to laying off its staff.

4. For the preparation of the next budgetary cycle (2021–2023), the Bureau invited the Working Group to again consider adopting various measures for a more sustainable, predictable and equitable funding for the Convention and its Protocol, including:<sup>1</sup>

(a) Fixing indicative minimum amounts of Parties' (and Signatories') voluntary contributions and referring to these amounts in the financial request letters to the Governments. The minimum amounts should be determined by applying the scale of assessment for the apportionment of the expenses of the United Nations that reflects the economic strength of countries, after adjusting the scale to the number of Parties to the Convention. The application of the adjusted scale should not result to any Party contributing to more than 22 per cent of the budget to be agreed for the next intersessional period (2021–2023). Moreover, to avoid that those Parties that currently contribute more than their relative economic strength, decrease their contributions, the calculated amounts should be presented as indicative minimum contributions. Lastly, the Bureau recommended that no Party should contribute less than \$500 per year. That threshold amount for contributions corresponds to

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<sup>1</sup> For other proposals, see Bureau's proposals on the financing of the Convention and the Protocol in ECE/MP.EIA/WG.2/2019/INF.2, available at: [http://staging2.unece.org.net4all.ch/fileadmin/DAM/env/eia/documents/WG2.8\\_Nov2019/Informal\\_docs/ece.mp.eia.wg.2.2019.2\\_Bureaus\\_proposals\\_on\\_financing\\_FINAL.pdf](http://staging2.unece.org.net4all.ch/fileadmin/DAM/env/eia/documents/WG2.8_Nov2019/Informal_docs/ece.mp.eia.wg.2.2019.2_Bureaus_proposals_on_financing_FINAL.pdf)

the smallest annual contribution currently transferred and is also justified by the administrative charges for each of the transactions. Furthermore, to keep the administrative costs related to funds management at the minimum, and, insofar as possible, and subject to internal budgetary procedures of the Parties, Parties could consider, for example, grouping their annual contributions and making a multiannual contribution in one transfer;

(b) Alternatively, establishing a mandatory scheme of contributions with a view to effectively achieving more sustainable and predictable funding and for ensuring that the burden of covering the costs of the activities is distributed among the Parties (and signatories) to the Convention and the Protocol in proportion to the adjusted United Nations scale of assessments.

5. At its last sessions, in December 2020, the Meetings of the Parties adopted decision VIII/1–IV/1 on financial arrangements for 2021–2023<sup>2</sup>. Through that decision, the Meetings of the Parties

(a) Decided on a financial scheme for funding the adopted workplans whereby all the Parties have a duty to contribute to the sharing of the costs that are not covered by the United Nations regular budget;

(b) Requested every Party to make yearly or multi-year contributions towards the financing of the workplan;

(c) Encouraged Parties to use various financial sources within the national budgets for their financial contributions

## II. 2012–2014: Preparation and adoption of a financial scheme and a financial strategy

6. In March 2012, when writing to countries to invite contributions by those Parties that had not already made or pledged contributions, or that had 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 that method of calculation for contributions be systematically applied.

7. In early 2013, the Bureau, with assistance of the secretariat, prepared draft elements for a possible financial strategy for consideration by the Working Group on Environmental Impact Assessment and Strategic Environmental Assessment at their meetings in May and November 2013, and ultimately for adoption by the next sessions of the Meetings of the Parties to the Convention and Protocol in June 2014. The Bureau's proposals included the following (which in essence were all retained):

- When deciding on the next intersessional 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 primary responsibility for securing the necessary resources to implement the workplan should lie with the Parties; The secretariat should not be tasked with fund raising, which takes up significant amount of resources.

<sup>2</sup> [https://unece.org/sites/default/files/2021-02/Decision\\_VIII-1\\_IV-1\\_Financial\\_arrangements\\_2021\\_2023.pdf](https://unece.org/sites/default/files/2021-02/Decision_VIII-1_IV-1_Financial_arrangements_2021_2023.pdf)

- Extrabudgetary funds must be appropriate to cover not only the activities but also the staff — both professional staff and programme assistants — needed to implement them;
- Parties should also be encouraged to provide human resources for the implementation of the activities by the Convention secretariat, for example through providing a junior or associate expert (applicable to Parties that have a junior professional officer programme. These are typically young professionals with a university degree in an appropriate discipline and a few years of professional experience that are made available to a receiving international organization usually for a period of two years).
- In addition to extrabudgetary financial contributions to the trust fund under the Convention, Parties as well as Signatories, other ECE and non-ECE countries, international and regional organizations, international financial institutions and NGOs should be encouraged to make in-kind contributions.
- Subject to the availability of financial resources, support to representatives of States outside the ECE region can be provided only if such representatives would draw clear benefits from their participation, such as attendance at a workshop and contribution to relevant discussions;
- Savings from the regular budget should be made, including through: (a) Continued reduction in the number of documents, their length and their translation; (b) Continued reduction in printing, with a move to electronic publications; (c) More even distribution of the meetings throughout the year.

8. Regarding income to the trust fund, the Working Group on EIA and SEA was invited to consider the following proposed alternatives aimed to “ensure sustainable funding of the activities and an equitable and proportionate distribution of the financial burden among the Parties [and the Signatories]”.

#### **Alternative A**

The alternative A proposes that the current system of voluntary financial contributions, based upon a system of shares, (established by decision III/10 of the Meeting of the Parties to the Convention), is maintained, whereby Parties to the Convention and the Protocol as well as Signatory States, other countries, international and regional organizations, international financial institutions may choose to make contributions equivalent in value to a number of shares of the budget. As a new element, the Working Group is invited to consider adding non-governmental organizations (NGOs) into the list of possible contributors to the trust fund.

Based on the experience in applying the current system this far, the status quo alternative is not likely to ensure the achievement of the objectives set for the financial strategy, that is, to improve of the stability and predictability of the sources of funding and introduction of arrangements based on the equitable and proportionate sharing of the burden among the Parties for financing of the workplan activities.

#### **Alternative B**

The proposed alternative B, consists of a system of voluntary financial contributions, under which “each Party and Signatory” or each “Party that has not contributed or pledged or that has so far only committed limited funds or in-kind contributions” will be invited to contribute each year, as a minimum, an amount calculated based on the agreed budget for the Convention and the adjusted scale of assessments for the apportionment of the expenses of the United Nations.

The United Nations scale of assessments for the apportionment of the expenses is the basis for national contributions to the regular budget of the United Nations, which reflects the economic strength of the countries. It is proposed to be used to ensure the equitable and proportionate sharing of the burden among the Parties.



The adjusted United Nations “scale of assessments” is the most commonly used, or at least referred to, criteria for “fair sharing” of the voluntary or mandatory financial burden among Parties and Signatories to different MEAs. Out of the five ECE MEAs and their Protocols, only 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) to the Convention on Long-range Transboundary Air Pollution (Air Convention) applies a mandatory scheme of contributions, using the UN scale of assessments as the method of cost sharing among the Parties.

With the application of the UN scale of assessment, adjusted to the number of the Parties to the Convention and to the budget adopted by the MOP-5 for 2011-2014, to all Parties to the Convention, the bulk of the financial burden would fall mainly on six Parties. These countries would cover almost 70 per cent of the total budget, with the highest percentage shares attributed, in decreasing order, to Germany, the United Kingdom of Great Britain and Northern Ireland, France, Italy, Canada and Spain. The comparison with Parties’ actual pledges for 2011–2014 showed that France and Germany pledged less than one third of their United Nations scale-based share, and that the other four biggest contributors did not pledge or contribute at all during the period in question. At the same time, the calculation also showed that several other Parties contributed substantially more than their adjusted United Nations scale-based share (e.g., Bulgaria, Croatia, Hungary, the Netherlands, Norway, Slovenia, Switzerland and Ukraine).

The United Nations scale has been adjusted (a) by considering only those States that are Parties to the Espoo Convention (the Parties account for 44.606 per cent of the total scale); and (b) by including a standard contribution from the European Union of 3.330 per cent. No Party is required to contribute more than 20 per cent of the estimated costs to be covered by the scheme;

For some Parties, the amounts of the proposed contributions calculated based on the scale of assessment are relatively small. Therefore, some MEAs have decided to set a minimum amount for Parties’ contributions. For example, under the Aarhus Convention, “No Party or Signatory is expected to contribute less than 500 United States dollars for the Convention’s work programme in its contribution for a given calendar year” . The Working Group may wish to consider whether it would like to follow a similar path under the Espoo Convention.

### **Alternative C**

As a third alternative it is proposed that Parties that have not contributed or pledged in the intersessional period should be invited to make a contribution based on three “categories of donors”:

- (a) “Small” donors expected to contribute US\$ 500–US\$ 5,000;
- (b) “Medium” donors expected to contribute US\$ 5,000–US\$ 30,000;
- (c) “Large” donors expected to contribute not less than US\$ 30,000.]

The Parties could be assigned to one of the categories based on their gross domestic product (GDP) per capita or it could be left to each Party to determine which category it should belong.

To illustrate how a possible cost sharing scheme among Parties based on the above “categories of donors” would work in practice, the secretariat calculated how many contributions would be needed under each of the three categories to secure the financing of the Convention’s total budget, using the budget for 2011-2014 as a basis. Two possible scenarios were considered based on the following assumptions:

(a) Parties would choose to contribute the lowest amount in each of the classes presented in the (draft) financial strategy, meaning that “small” donors would contribute US\$ 500, “medium” donors would contribute US\$ 5,000, “large” donors would contribute US\$ 30,000. As a result, in order to secure the sufficient total amount of contributions, there should be no less than 29 “large” donors, eleven “medium” donors and four “small” donors.

(b) Parties would contribute the average amount within each class, meaning that “small” donors would contribute US\$ 2,500, “medium” donors would contribute US\$

15,000, “large” donors would contribute US\$ 45,000. To secure the sufficient total amount of contributions, a more even split between the three classes is possible, and can be achieved with 15 “large” donors, 14 “medium” donors and 15 “small” donors

In both scenarios 34 out of 44 State Parties would need to contribute substantially more than they currently do. For example, according to scenario (a) 14 Parties, did not pledge or have not yet contributed anything during the intersessional period 2011-2014, would have to contribute in total 30, 000 USD for the three years period. This would concern Azerbaijan, Belarus, Belgium, Canada, Greece, Ireland, Italy, Kazakhstan, Luxembourg, Portugal, Romania, Spain, Sweden and United Kingdom. In contrast, four or five Parties would be invited to contribute on average 40 % less than they do at the moment.

#### **Alternative D**

The alternative (D) is a mandatory scheme of financial contributions, whereby each Party to the Convention and to the Protocol has an obligation to contribute each year an amount that it may choose on a voluntary basis. As a guidance, Parties could be referred to minimum amounts to be contributed calculated based on the United Nations scale of assessments or on any another appropriate method.

This alternative is the only one that would introduce an obligation for each Party to contribute annually to the trust fund of the Convention. If all Parties complied with their obligation to contribute, this would increase the total number of contributions to the trust fund and distribute the financial burden more evenly, in this regard. However, as Parties could choose the amounts of their yearly contributions on a purely voluntary basis, this scheme would not improve the predictability of the contributions nor be able to ensure their sufficiency to finance the Convention’s budget.

The Working Group was also requested to discuss the possible consequences of a non-compliance by a Party with its obligations to contribute. Under the EMEP Protocol to the ECE Air Pollution Convention, which has a mandatory scheme for contributions, the Convention secretariat sends each year requests for payment for all the Parties, specifying the amounts and deadlines for the payment. Should a Party not pay its mandatory yearly contribution, the secretariat would report on the failure to pay at the annual meeting of the Convention’s Executive Body. The subsequent year, the Party will be requested to pay its annual contribution and on top of it its unpaid previous contribution(s) (arrears), with the requests indicating the cumulative amounts to be paid.

#### **Alternative E**

The proposed hybrid scheme consists of a compulsory part to finance a certain part of the budget (e.g., 30–40 per cent), and sharing of the remaining part of it (e.g., 60–70 per cent) on a voluntary basis by applying either the adjusted United Nations scale of assessments approach (scheme A above) or the “classes of donors” approach (scheme C above). This alternative was rejected by the Working Group.

The Working Group consider a mixed scheme of contributions that would be based on “indicative” instead of mandatory contributions for priority (staff costs etc) activities. This alternative scheme would be voluntary but would indicate contributions for each Party based on the adjusted United Nations scale of assessment to fulfil the priority costs. The difference to alternative B above would be that all the Parties would be invited to make a contribution based on the scale of assessment for the budget covering only the priority activities (i.e. mainly staff costs, of approximately 50 % of the total budget). The funding of the rest of the budgeted activities would depend on additional voluntary contributions by Parties.

9. At its meeting in November 2013, the Working Group brought down the above alternatives regarding contributions to the trust fund to the following two, which were forwarded to the Meetings of the Parties in 2014:

**Alternative A:** [the system of voluntary financial contributions, based upon a system of shares, established by decision III/10 of the Meeting of the Parties to the Convention, is maintained, whereby Parties to the Convention and the Protocol as well as Signatory States, other countries, international and regional organizations, international financial institutions

and non-governmental organizations (NGOs) may choose to make contributions equivalent in value to a number of shares of the budget.]

**Alternative B:** [the system of voluntary financial contributions, based upon a system of shares, established by decision III/10 of the Meeting of the Parties to the Convention, is adapted: each Party and Signatory should be invited to contribute each year, as a minimum, a minimum amount calculated based on the agreed budget for the Convention and the adjusted scale of assessments for the apportionment of the expenses of the United Nations, which reflects the economic strength of the country. ]

10. In 2014, the Meetings of the Parties adopted decision VI/4–II/4 on Budget, financial arrangements and financial assistance, and a financial strategy in its annex, retaining the option A above, corresponding to status quo, which was formulated as follows:

“Establish a scheme of financial contributions whereby Parties and Signatories to the Convention and to the Protocol would contribute each year an amount that they may choose to pledge on a voluntary basis, and also invite international financial institutions, as well as other stakeholders, to contribute”.<sup>3</sup>

### III. Early days - 2011

11. Since the early days, decisions on budget and financing of the Espoo Convention and (as of 2011) its Protocol on Strategic Environmental Assessment have been taken at the sessions of the Meetings of the Parties for the subsequent three-yearly intersessional periods. These past decisions and their calls for Parties regarding funding have been rather similar each time. For example in 2011, the Meetings of the Parties:

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;
- 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.

12. In 2011, the Meetings of the Parties requested the Bureau to develop a strategy for carrying out the work under the Convention and Protocol given the financial constraints (See section II for a description of the strategy and its preparatory process).

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<sup>3</sup> [https://unece.org/DAM/env/eia/meetings/Decision\\_VI.4\\_II.4.pdf](https://unece.org/DAM/env/eia/meetings/Decision_VI.4_II.4.pdf)