



Convention on the Protection and Use of Transboundary
Watercourses and International Lakes

Working Group on Integrated Water Resources Management
Fifteenth meeting

Geneva, 30 September – 2 October 2020

Item 13(a) of the provisional agenda

**Implementation of other decisions taken by the eighth session of the
Meeting of the Parties: Proposed targets for a more sustainable and
predictable funding of the work under the Convention**

Draft proposal for targets for financial sustainability of the work under the Water Convention

Note by the secretariat

Summary

The Meeting of the Parties, at its eighth session, 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 (ECE/MP.WAT/54, para. 103 (h)).

The Convention's Bureau discussed possible options in 2019 and considered that it was important to introduce a system of drivers to address the main challenges encountered in financing the programme of work. Subsequently, the secretariat developed a draft proposal, including, in particular, potential targets for financial sustainability of the work under the Convention. The draft proposal was discussed and revised by the Bureau. It is presented in this document.

The Working Group is invited to discuss the proposal and possible ways forward towards the expected adoption of the proposal by the Meeting of the Parties at its ninth session (Tallinn, 29 September to 1 October 2021). In addition, countries and other donors are encouraged to consider the financial targets proposed in their financial pledges.

I. Why financing the programme of work of the Convention is important and useful

Except for few regular budget resources, mainly covering few staff members 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 (of which many are fully extrabudgetary funded). In decision III/2, Parties established a voluntary trust fund under the Convention to promote effective implementation of the Convention and its Protocols, entrusted the Bureau to oversee the management of the trust fund and invited Parties to make voluntary contributions. When adopting the programmes of work at the triannual sessions of the Meeting of the Parties and its budget, Parties to the Water Convention commit to financing it (see ECE/MP.WAT/54 para 103 (g) and ECE/MP.WAT/54/Add.1).

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, the 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 some cases, the support on the ground, e.g. through pilot projects. The intergovernmental framework and meetings of the Convention also provide numerous opportunities for networking, establishment of new partnerships, donor relations and potentially fundraising, among numerous other indirect benefits.

However, the way the work under the Convention is financed, i.e. through voluntary contributions, continues to remain a significant challenge for the effective implementation of the programme of work. Only a bit more than a third of all Parties currently contribute financially to the trust fund, some others provide in-kind contributions. The majority of contributions are earmarked to specific activities or projects, and often entail burdensome administrative procedures in terms of preparing project proposals and reporting to donors. The secretariat therefore spends significant time and resources not only for fund-raising, but also for the administration of earmarked contributions, in addition to the resources already required for reporting to the Meeting of the Parties and the Convention's bodies. Moreover, this also entails that activities implemented are not always those that are the most needed, but those for which funding can be mobilized. The targets proposed below aim to address this issue.

II. Proposed targets for financial sustainability of the work under the Water Convention

1. Increase fairness of the share of the burden in supporting the implementation of the programme of work

Rationale:

The programme of work is adopted by the Meeting of the Parties, so all Parties should be responsible for its implementation and for financially supporting it. However, presently, less than half of the Parties finance the programme of work.

Proposed indicator:

Percentage of Parties financing the programme of work

Baseline in 2016-2018: 38% of the Parties financed the programme of work (16 out of 42 Parties).

Proposed targets:

By 2024, at least 50% (i.e. half) of all Parties finance the programme of work

By 2030, at least 66% (i.e. at least two thirds) of all Parties finance the programme of work

2. Improve reliability and predictability of funding

Rationale:

Without mandatory contributions, the lead Parties for programme areas 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, usually each year (see exceptions in next paragraph), to the programme of work implementation. It is also important that they announce it at the beginning of the triennium, ideally at or before the Meeting of the Parties, where the work programme is adopted.

However, considering administrative costs for receiving contributions by the United Nations, some countries, especially those with economies in transition, developing countries or countries with small populations, making contributions below USD 5,000, are invited to bundle and provide multi-annual contributions combined for several years at the outset of the triennium. It will still be considered a regular contribution.

Proposed indicator:

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

Baseline in 2016-2018: 26% of the Parties regularly contributed (11 out of 42 Parties).

Proposed targets:

By 2024, 50% (i.e. half) of all Parties contribute regularly to the programme of work implementation

By 2030, 66% (i.e. two thirds) of all Parties contribute regularly to the programme of work implementation

3. Supporting a balanced implementation of all programme areas and simplifying donors' requirements to increase efficiency

Rationale:

Many contributions to the Water Convention are earmarked for specific activities, programme areas or projects. This implies a risk of unbalanced implementation of the work programme, depending on funds received, and increases administrative burden for the secretariat. It is thus important to increase the rate of unearmarked funding, that can be used in a flexible way for all programme areas, as needed. Recently, more and more donors have agreed to give unearmarked funding.

Unearmarked funding should go hand-in-hand with removing donors' requirements for reporting on the use of specific contributions. While the bodies under the Convention are informed 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 UNECE, Parties should progressively move towards using the above-mentioned reports to the Working Group and Meeting of the Parties for their internal accounting.

Proposed indicator:

Percentage of contributions which are unearmarked and do not require individual financial or narrative reports

Baseline in 2016-2018: 17% of all contributions were unearmarked and did not require individual reports

Proposed targets:

By 2024, 50% (i.e. half) of all contributions are unearmarked and do not require individual reports

By 2030, 66% (i.e. two thirds) of all contributions are unearmarked and do not require individual reports