



**ECONOMIC COMMISSION FOR EUROPE**

**COMMITTEE ON ENVIRONMENTAL POLICY**

Working Group for the preparation  
of the first meeting of the Parties to  
the Convention on Access to Information,  
Public Participation in Decision-making and  
Access to Justice in Environmental Matters  
(Second meeting, 21-24 May 2002)

**FINANCIAL ARRANGEMENTS**

Prepared by the secretariat in consultation with the bureau

**Introduction**

1. Article 10, paragraph 3, of the Aarhus Convention, stipulates that  
  
“The Meeting of the Parties may, as necessary, consider establishing financial arrangements on a consensus basis.”
2. At the first meeting of the Working Group a number of elements to take into account when establishing financial arrangements for financing the activities under the Convention were presented. After some discussion, the Working Group requested the secretariat to prepare a document setting out elements for a draft decision on financial arrangements to be presented at its next meeting. The document should include an overview of financial arrangements under different UNECE instruments and other comparable instruments (CEP/WG.5/2001/2, para. 36).

3. Chapter I of the document provides some examples of financial arrangements under other multilateral environmental agreements (MEAs). Chapter II provides some explanatory notes for the elements for a draft decision. The annex contains a draft decision on financial arrangements.

## **I. FINANCIAL ARRANGEMENTS UNDER MEAs**

### **A. UNECE instruments**

4. The secretariat functions for all the environmental instruments negotiated under ECE are provided by the Executive Secretary of ECE. None of the four other Conventions contains any provisions for further financing of the secretariat services under the Convention.

#### **1. Convention on Long-range Transboundary Air Pollution**

5. The Convention says nothing about the financing of its administration. However, in order to finance the Cooperative Programme for Monitoring and Evaluation of the Long-range Transmission of Air Pollutants in Europe (EMEP), the EMEP Protocol was adopted in 1984 and entered into force in 1988. To our knowledge, the Protocol is the only example in the environmental field where the exact shares of mandatory contributions are laid down in the text of the treaty itself.

6. Article 3 of the Protocol states, inter alia, that:

“1. In accordance with the provisions of this article the financing of EMEP shall consist of mandatory contributions, supplemented by voluntary contributions. [...]

2. Mandatory contributions shall be made on an annual basis by all Contracting Parties [...] which are within the geographical scope of EMEP.

3. Voluntary contributions [...]

4. The annual costs of the work programme shall be covered by the mandatory contributions. [...]”

7. The EMEP Protocol covers only certain specified international centres operating under EMEP. Other core activities are financed on a voluntary basis, through a decision by the Executive Body of the Convention on financing the core activities of the Convention and its protocols. The latest of these decisions (decision 2001/5 of December 2001) sets out in an annex the recommended scale of contributions, which is based on the United Nations scale of assessments. It is worth noting that work has been ongoing to secure the long-term financing of core activities. The Executive Body decided in December 2001 that a draft protocol on long-term financing of core activities under the Convention should be finalized for possible adoption at the Kiev Conference. It also decided that, as an alternative, a draft decision and draft recommendation that would facilitate voluntary contributions should be prepared, including a

proposal for reporting and recording contributions (ECE/EB.AIR/75, para. 18).

**2. Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention)**

8. Under the Espoo Convention, the Meeting of the Parties adopts a work-plan covering the activities under the Convention until the next meeting of the Parties. At their second meeting, the Parties approved a budget, decided that they should contribute to the budget and be urged to pay contributions on a voluntary basis. The contributions are made to the Trust Fund for Assistance to the Countries in Transition. (ECE/MP.EIA/4, annex XIII).

**3. Convention on the Transboundary Effects of Industrial Accidents**

9. The Convention operates under a system similar to that of the Espoo Convention. A programme of work defines the priorities and Parties provide the necessary resources to implement it on a voluntary basis. In November 2000 the Conference of the Parties adopted decision 2000/8, which states, inter alia:

“Decides that the Parties will contribute financially and/or in kind to the resources under the Convention on a voluntary basis and recommends them to make their contributions as soon as possible”

**4. Convention on the Protection and Use of Transboundary Watercourses and International Lakes**

10. No trust fund has been established under the Water Convention. The Meeting of the Parties agrees on a work-plan and only the elements for which countries provide the necessary finance are included in the work-plan. There is a lead country for each element of the work-plan but no specific reference in the work-plan to the resources.

**B. Other instruments**

11. A selection of MEAs with different financial arrangements is considered in this section to illustrate the various options for dealing with the issue under the Aarhus Convention.

**1. Convention on the Conservation of Migratory Species of Wild Animals**

12. This Convention provides for mandatory contributions to the agreed budget. Article VII, paragraph 4, states:

“The Conference of the Parties shall establish and keep under review the financial regulations of this Convention. The Conference of the Parties shall, at each of its ordinary meetings, adopt the budget for the next financial period. Each Party shall contribute to this budget according to a scale to be agreed upon by the Conference. Financial regulations, including the provisions on the budget and the scale of contributions as well as their modifications, shall be adopted by unanimous vote of the Parties present and voting.”

13. At each meeting, the Conference of the Parties adopts the budget for the coming period (two-three years). The latest resolution (resolution 6.8) states, inter alia, that the Conference of the Parties “confirms that all Parties shall contribute to the budget adopted at the scale agreed upon by the Conference of the Parties...”

## **2. United Nations Framework Convention on Climate Change**

14. The Convention mandates the Conference of the Parties to establish financial rules in its article 7, paragraph 2 (k), which stipulates that the Conference of the Parties shall:

“Agree upon and adopt, by consensus, rules of procedures and financial rules ...”

15. At its first meeting, the Conference of the Parties adopted the financial procedures in its decision 15/CP.1. Paragraph 7 of these procedures concerns the contributions and reads as follows:

“The resources of the Conference of the Parties shall comprise:

(a) Contributions made each year by Parties on the basis of an indicative scale, adopted by consensus by the Conference of the Parties, and based on such a scale of assessments of the United Nations as may be adopted from time to time by the General Assembly, adjusted so as to ensure that no Party contributes less than 0.01 per cent of the total; that no one contribution exceeds 25 per cent of the total; and that no contribution from a least developed country Party exceeds 0.01 per cent of the total;

(b) Voluntary contributions made by Parties in addition to those under (a) above;

(c) Other voluntary contributions, including contributions to support the participation of the representatives of developing country Parties and of other Parties with economies in transition in the Conference of the Parties and its subsidiary bodies; ...”

16. The language in subparagraph (a) is slightly ambiguous in that the scale is ‘indicative’ but there is no inclusion of the word ‘voluntary’ in contrast to subparagraphs (b) and (c). However, the Parties’ decisions are usually considered not to be legally binding.

## **3. Montreal Protocol and Vienna Convention**

17. The London Amendment to the Montreal Protocol set up a financial mechanism, including a multilateral fund, to assist developing country Parties in implementing the control measures of the Protocol. In addition, the fund finances all clearing-house functions, i.e. country studies, technical assistance, information, training and costs of the fund secretariat.

18. The contributions to the trust fund are mandatory. Article 10, paragraph 6, of the London Amendment states, inter alia:

“The Multilateral Fund shall be financed by contributions from [the developed country Parties] ... on the basis of the United Nations scale of assessments.”

19. However, the secretariat of the Protocol is not financed by this financial mechanism but through another trust fund. The financial rules for this trust fund were adopted at the first meeting of the Parties to the Protocol. They are similar to the rules governing the trust fund for the Vienna Convention itself. Paragraph 3 of both sets of rules states, inter alia, that the appropriations of the trust funds shall be financed from:

“(a) Voluntary contributions made by the Parties to the Protocol...;

(b) Voluntary contributions from States not party to the Protocol, other governmental, intergovernmental and non-governmental organizations and other sources.”

Paragraph 4 provides that:

“The voluntary contributions referred to in article 3 (a) above, are to be based on the United Nations scale of contributions for the apportionment of the expenses of the United Nations (adjusted to provide that no one contribution shall exceed 25 per cent of the total and no contributions shall be required when the United Nations scale provides for a contribution of less than 0.1 per cent).”

#### **4. Bern Convention on the Conservation of European Wildlife and Natural Habitats**

20. The Bern Convention was adopted under the auspices of the Council of Europe. The secretariat of the Convention is located within the administration of the Council of Europe. Every year, the Standing Committee (the Convention's governing body) adopts a programme of activities and a budget for the following year. The Council of Europe covers 40-50 per cent of the adopted budget. The remaining resources are provided by the Parties to the Convention as voluntary contributions. In the programme of activities, it is noted that some activities will only be implemented if voluntary contributions are available.

## **II. ELEMENTS FOR A DRAFT DECISION ON FINANCIAL ARRANGEMENTS UNDER THE AARHUS CONVENTION**

21. The Working Group requested that the underlying principles of financial arrangements, such as stability, certainty, transparency, predictability and a fair sharing of the burden, should be taken into account in the preparation of the present document. Furthermore, the secretariat should be guided by the following elements: in the short term, the scheme should be based on voluntary

contributions, as legally binding financial arrangements would be very difficult to negotiate in the short time available before the first meeting of the Parties. The main objective of such arrangements would be to cover the costs of core activities arising from the work programme.

Other activities would not necessarily be covered by the financial mechanism, and countries would contribute to these on a case-by-case basis. The arrangements should allow for contributions both by Parties and by non-Parties, even if they were not necessarily to be covered by the same conditions (CEP/WG.5/2001/2, para. 36).

22. A proposal for a draft decision on financial arrangements is annexed in the annex to the present document. The proposal envisages that financial arrangements would be established in (at least) two steps:

(a) The first step would be based on a division of the budget for the activities under the work programme into a number of equal shares, with Parties and other States being invited to make contributions on a voluntary basis to one or more shares. 1/ Contributions could be made in cash or in kind. Contributions in kind would have to correlate with activities of the work programme in order to count towards discharging the (voluntary) commitment under the scheme. Contributions in cash would be made to the local trust fund for the Aarhus Convention. This first interim step would cover the period immediately following the first meeting of the Parties in which it is anticipated that there may not be many donor governments as Parties, and would be expected to last up until the second or third meeting of the Parties;

(b) The second step would involve shifting to a scheme based on the United Nations scale of assessments, either on a voluntary or on a mandatory basis. This would again involve using the budget corresponding to the elements of the work programme as a starting point, but in this case the burden of costs would be shared on the basis of the United Nations scale of assessments for Parties and other States having opted to participate in the scheme.

23. At its second or third meeting, the Meeting of the Parties would review the operation of the 'equal shares' system and would at that point consider the feasibility of and modalities for applying the United Nations scale of assessments. It would also consider the possibility of moving to a mandatory system of contributions. The timing of this review (i.e. whether at the second or the third meeting) could be influenced by the interval between the meetings of the Parties and specifically the decision on the timing of the second meeting of the Parties, as well as by the effectiveness of the interim scheme. It could also be linked with the timing of the review of the system for adopting the work programme.

24. The draft decision envisages that the secretariat would be required to monitor the expenditure of the funds and to prepare a report on how contributions to the Convention have been spent and which countries have contributed to the budget of the Convention and to related activities. The report would also reflect contributions in kind made in accordance with the work programme.

## **Budget**

25. The proposal is based on the assumption that the Meeting of the Parties adopts a work programme covering as a minimum the period until the next meeting of the Parties (2003-2005) and differentiating core and non-core elements, and that this would be used as the basis for

calculating what funds were needed.

26. Priority would be given to financing “priority” or “core” elements of the work programme, taking into account the need to provide the secretariat and the Bureau with a measure of flexibility in making financial decisions.

27. The budget would not cover the elements in the work programme which are already covered by the regular budget of the United Nations. Currently, ECE provides from the regular United Nations budget the following resources to service the Convention: two professional staff members (P2 and P4), 50 per cent of the time of a secretary, offices and equipment, meeting rooms and interpretation for official meetings, administration and some staff travel.

28. The first work programme would be for the 2003-2005 period. It has not been feasible to prepare a draft decision on the work programme for 2003-2005 within the time available, nor to calculate the corresponding budgetary requirements. It is envisaged that this work would be undertaken following the second meeting of the preparatory Working Group, whereupon the missing figures would be included in paragraph 3 of the draft decision. Even in the absence of these figures, it might at this stage be worth discussing what the approximate number of shares might be and what might be a reasonable amount of a share.

### Notes

1/ The term ‘share’ is not intended to carry any connotation of additional decision-making power being exercised by those contributing through the scheme. The work programme that the scheme would fund would be decided upon by the Meeting of the Parties.

Annex

DRAFT DECISION I/[..]

FINANCIAL ARRANGEMENTS

The Meeting,

Recalling article 10, paragraph 3, of the Convention, which states that the Parties may, as necessary, consider establishing financial arrangements on a consensus basis,

Recalling also article 12, which stipulates that the Executive Secretary of the Economic Commission for Europe shall carry out secretariat functions,

Recalling further its decisions I/[..] and I/[..] on the adoption of programmes of work and on the work programme and budget for 2003-2005,

Recognizing that effective implementation of the Convention depends, inter alia, on the availability of sufficient financial and human resources,

Believing that the need for stable and predictable sources of funding and a fair sharing of the burden should be the guiding principles of any financial arrangements established under the Convention,

Determined to ensure that the necessary resources are available for implementing the core elements of the work programme,

Believing that a voluntary scheme of contributions by Parties and other States or regional economic integration organizations, based upon a system of equal shares, can provide an effective and workable solution in the short to medium term,

Convinced that, in the longer term, the levels of contributions should be based upon the United Nations scale of assessments, and that consideration should be given to establishing financial arrangements on a mandatory basis,

1. Establishes an interim voluntary scheme of contributions to be sustained by contributions from Parties and from Signatories and other States having opted to participate in the scheme;
2. Proposes that [US\$ ..] per year for the activities under the work programme not covered by the United Nations regular budget should be covered by contributions of [..] shares of US\$ [..] per year;
3. Invites Parties, Signatories and other States in a position to do so to contribute, in

cash or in kind, an amount corresponding to one or more shares;

4. Welcomes the participation in the scheme of those Parties, Signatories and other States not Party to the Convention which have notified the Meeting that they will participate in the scheme and the amount of their contributions, listed in the appendix;

5. Requests that all such contributions in cash be made to the UNECE Trust Fund on Local Technical Cooperation (Aarhus Convention);

6. Welcomes any additional contributions towards activities under the work programme of the Convention;

7. Endorses the guiding principles for financial assistance to support the participation of experts and representatives from countries with economies in transition in meetings and workshops organized within the framework of the Aarhus Convention established and periodically updated by the Committee on Environmental Policy, depending upon the availability of funds;

8. Requests the secretariat to monitor the expenditure of the funds and to prepare a report for the next meeting of the Parties, including information on how much Parties and other participating States contributed to the budget of the Convention in cash and in kind, and on how the contributions were spent;

9. Establishes a task force, under the authority of the Working Group of the Parties, to:

(a) Consider the feasibility of and modalities for introducing a system of financial arrangements based on the United Nations scale of assessments for the apportionment of the expenses of the United Nations;

(b) Explore the possibility of establishing financial arrangements on a mandatory basis; and

(c) Develop recommendations concerning the above matters for consideration by the Working Group of the Parties with a view to their possible adoption at the [second][third] meeting of the Parties; and

10. Agrees to review the question of financial arrangements at the [second][third] meeting of the Parties, on the basis of the work of the task force and any proposals from the Working Group of the Parties.

Appendix

**LIST OF STATES AND REGIONAL ECONOMIC INTEGRATION ORGANIZATIONS  
PARTICIPATING IN THE SCHEME AND THEIR PLEDGED CONTRIBUTIONS**

<b>Name of country or organization</b>	<b>Amount of contribution</b>