

Adequate, Stable and Predictable Funding of UNEP

by Lars-Göran Engfeldt*

Editorial note:

Parallel to the ongoing talks on International Environmental Governance (see page 16), a workshop on International Governance for Environment and Sustainable Development was convened by the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety. The Institute of International Law of the Georg-August-University of Göttingen organised the meeting, which took place in Göttingen, Germany from 10-11 December 2001. An international panel of experts and government officials thus was brought together in order to discuss views on the future of international governance for environment and sustainable development. The meeting was closed to the public and it was hoped that the insights offered by academia would stimulate new approaches to the international negotiations on Governance and that this informal setting would provide an opportunity for diplomats to resolve remaining issues under dispute.

The workshop was co-chaired by Judge Thomas A. Mensah, International Tribunal on the Law of the Sea (ITLOS), Peter-Tobias Stoll, Institute for International Law of the Göttingen University, and Dali Najeh, Tunisian Ministry of Environment and Land Use Planning. The following lecture topics were the basis for discussion:¹

- Sustainable Development and its Institutional Implications
- Potential Role for the Global Ministerial Environment Forum (GMEF)
- Financing International Environmental Governance
- Coordination among Multilateral Environmental Agreements (MEAs)
- Capacity-building and Technological Cooperation.

Despite the informal nature of the discussions, there was a special agreement between the hosting Ministry and the organisers of the workshop that one of these presentations should be brought to broader attention since it is an accurate reflection of the underlying obstacles for effective international environmental governance and the institutional constraints besetting UNEP: the presentation by Ambassador Lars-Göran Engfeldt (Sweden) entitled 'Adequate, Stable and Predictable Financing of UNEP.' Ambassador Engfeldt has graciously provided us with the notes for his presentation and has given us permission to reprint these below in their unedited form.

* Statement by Ambassador Lars-Göran Engfeldt (Sweden) at the Göttingen Workshop on International Governance for Environment and Sustainable Development, December 2001. See also page 16.

¹ For a summary of the workshop, please contact Professor Peter-Tobias Stoll, Institute of International Law, University of Göttingen. E-mail: pstoll@gwdg.de.

UNEP's role

Essentially the same since 1973 – a catalytic General Assembly (GA) programme with following main tasks in modernised mandate (Nairobi Declaration 1997, adopted by GA same year):

Overall: Set global environmental agenda, promote its coherent implementation within UN system and be the advocate for the global environment.

Six main functions:

- Assessment of state of environment and emerging trends
- Promotion of international environmental law
- Coordination of UN activities in field of environment
- Awareness raising
- Links with scientific community
- Advice to governments, capacity building.

All activities to take place within context of sustainable development. Clearly a very important service function to the international community given the high priority all states nowadays accord to the challenge to reverse environmental degradation. Resources available to UNEP – and also to MEAs – do not stand in realistic proportion to the formidable problems they are mandated to solve. It shares this predicament with the economic and social sectors of the United Nations, with the environmental pillar being by far the weakest of the three. For UNEP, at the centre of the current international environmental deliberations, the situation is clearly worrying.

Some comparisons

UNEP yearly turnover	ca.	US\$	80 million
Swedish EPA		US\$	160 million
WHO		US\$	175 million
UNESCO		US\$	320 million

Note: half of turnover of UNEP trust funds.

A political, not technical problem

Present discussion on International Environmental Governance (IEG) and elsewhere on UNEP financing is obscured by technicalities when core problem is political.

Voluntary financial resources to UNEP seem to have stagnated around US\$40 million a year, despite achievements accomplishment under present Executive Director.

Some further current figures illustrating current situation. Income projected to Environment Fund for biennium 2000-2001 originally at US\$118 million (basis for budget by GC20 in 1999) – now this is projected at some US\$88 million. Programme of work budget for 2002-2003 set at US\$100 million at time of GC 21 in February this year – now reduced to US\$90 million.

We see a gradual development with:

- Shrinking regular budget (RB) contribution over the years.
- Stagnating level of Environment Fund (EF).
- Increasing earmarked trust fund contributions.
 - In the 1980s, the proportions were the following: RB 10%, EF 75% and earmarked contributions 15%.
 - For biennium 2002-2003 proportions projected: RB 3.4%, EF 56.2% and trust funds and counterpart contributions 40.4%.
 - Trust funds now account for almost half of turnover, a development which creates a problem of legitimacy over time for an organisation with the mandate to be the advocate of the global environment: it should thus should be accountable to us all and not only to a few governments.
- Shifts in roles: At time of UNEP's foundation, RB was meant to finance policy functions, the secretariat and coordination within UN system. The EF was meant to finance projects and new environment initiatives within the UN system. Trust funds and counterpart contributions were meant to supplement the work programme. Now, the Environment Fund increasingly finances staff costs and trust funds finance programmes and projects.
- Dependence on a few donors (10 top donors in 2001 pay around US\$30 million to the Fund out of a total of some US\$40 million – the same countries also pay most to the trust funds).

Result – serious problems for long-term programme of work planning.

The concept of adequate, stable and predictable funding

Discrepancy between rhetoric, commitments and action.

Today UNEP's funding is inadequate, unstable and unpredictable. A solution to the problem is a prerequisite for UNEP to be able to fulfil its mandate of today, let alone take on a larger role.

Discussions of a WEO (World Environment Organisation), quite apart from the desirability of such a concept, should take this fundamental constraint into account.

UNEP is a victim of both foresight in institutional set-up in 1972 as well as its own success in environmental law.



First problem:

- Original reason for GA programme model based on combination of regular budget contributions for core functions and voluntary contributions for operations sound in its time – specialised agency model (which would guarantee funding in accordance with scale of assessment) was rejected because it would transform

environment into a sector when goal was seen to be mainstreaming. Now this argument has lost much of its force with a more elaborate concept of balance between three pillars of sustainable development and recognised need for a strong environmental arm of the United Nations.

- There are arguments that can be raised against a specialised agency, but of a different type than in 1972 (long negotiations that would not necessarily make UNEP stronger although a solution to the financing problem might be found).
- Part of present crisis is that the important part of original construction relating to regular budget has been undermined. Regular budget does not pay for core functions today with its level of around US\$4 million/year. Difficult to change as result of combination of zero-growth policy in the UN and UNEP's low stature in New York.

Second problem:

- Emergence of many MEAs with own Conferences of the Parties (COPs) led to weakening of policy centre. At height of this trend, United Nations Framework Convention on Climate Change (UNFCCC) and United Nations Convention on Combating Desertification (UNCCD) not even formally linked to UNEP.
- Financing at the centre of the problem. Competition for scarce resources. Forming of domestic constituencies around MEAs with inadequate overall coordination. Contributing to erosion has been perception of management deficiencies of UNEP although this is now changing. Geographical location has also played a role – seen as organisation in the periphery and not sufficiently backed up at central UN level.

Adequate funding

As a point of departure, reasonable level of ambition would be to raise level in five years to around that of United Nations Educational, Scientific and Cultural Organisation (UNESCO). Something of a prerequisite for UNEP to credibly fulfil mandate given which by any yardstick must be seen as a most important element in UN efforts for sustainable development.

Need to break a vicious circle

There is a clear recognition of underfunding, but because of reasons discussed, system of voluntary contributions is not delivering either adequate level of funding or promoting fair burden sharing. This weakens the organisation, which in turn increases difficulties.

Not tenable that organisation is dependent on some ten industrialised countries for its operations. Top 11 donors: USA, UK, Japan, Germany, Netherlands, Finland, Switzerland, Sweden, Denmark, Norway and Italy. Of these US, Japan, Italy and Canada contribute well below their share of UN-assessed scale and the others well above. In recent months, there have been increasing contributions to the Environment Fund, including by some of these donors. It is too early to tell, however, whether this is the

beginning of a changing overall trend in the level of contributions.

Most developing countries contribute less than their share of the assessed scale. Major countries like India and China pay US\$100,000 and US\$180,000 respectively.

Stable and predictable funding

In the present circumstances, a first priority should be to ensure stable and predictable funding.

Fairer sharing of the burden should be an intrinsic part of a solution. This is not only a North–South question, but applies equally to the different levels of contributions among countries in the North.

Among available options, mandatory assessed contributions would ensure predictable, stable and adequate funding. This model does not command broad support, however, at the present time, but should be kept for the longer term.

Negotiated contributions over a number of years seems to be the most realistic model. There is also the variant of such contributions with distinct administrative and opera-

tional costs. This model would imply a considerable growth in contributions from the UN regular budget.

In the further IEG process, the best route to follow would probably be to embark on a process towards negotiated contributions involving better burden sharing than happens today, and with the understanding that countries who today pay more than their share of the UN scale of assessment would not reduce their contributions. Efforts should also be made to mobilise funds from the private sector.

Furthermore, governments should take more forceful action in the Fifth Committee to increase substantially the level of regular budget contributions and bring United Nations Office in Nairobi (UNON) more in line with UN Offices in Geneva and Vienna, which are largely financed by the regular budget.

Today there are, at best, uncertain prospects for the strategy outlined. Maybe a possibility would be to raise this issue, together with other issues of International Sustainable Development Government, at a high political level at the final phase of the preparatory process for the World Summit on Sustainable Development.

