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### Economic Commission for Europe

#### Conference of the Parties to the Convention on the Transboundary Effects of Industrial Accidents

##### **Seventh meeting**

Stockholm, 14–16 November 2012

Item 11 of the provisional agenda

##### **Financing**

### **Draft sustainable financial mechanism**

#### **Note by the Bureau**

##### *Summary*

At its sixth meeting, the Conference of the Parties to the Convention on the Transboundary Effects of Industrial Accidents adopted a Long-term Strategy for the Convention (ECE/CP.TEIA/22, para. 24 (a) and annex I). At the same time, the Conference of the Parties entrusted the Bureau to elaborate the details of the sustainable financial mechanism to support the implementation of the Long-term Strategy, and to present it at the seventh meeting (ibid., para. 24 (b)). The Bureau proposes to the Conference of the Parties the adoption of the sustainable financial mechanism set out in the present document.

## Introduction

1. With the adoption of the Long-term Strategy for the Convention on the Transboundary Effects of Industrial Accidents, the Conference of the Parties at its sixth meeting (The Hague, 8–10 November 2010) ( recognized that the financial situation of the Convention cannot be sustainable if it depends on financial contributions from only a few Parties provided on an ad hoc basis. It further recognized the need to ensure that a higher number of Parties and other stakeholders provide regular financial or in-kind support to the Convention's activities and for the adequate capacity of the secretariat. It decided therefore to task the Bureau to elaborate a sustainable financial mechanism for the Convention (ECE/CP.TEIA/22, para. 24 (b)).
2. The mechanism is to facilitate receiving adequate financial and in-kind support from Parties and other stakeholders, such as the United Nations Economic Commission for Europe (ECE) member countries, the European Commission, international organizations and industry, for the full implementation of the biennial workplans as adopted by the Conference of the Parties.
3. This document contains a proposed sustainable financial mechanism for consideration and possible adoption by the Conference of the Parties.

## I. Resources for the implementation of the Convention

4. Since the first meeting of the Conference of the Parties (Brussels, 22–24 November 2000), the implementation of workplan activities has been supported from resources made available through the United Nations regular budget and from additional voluntary extrabudgetary resources provided by Parties, other ECE member countries and international organizations.
5. Regular budget resources have been used by the secretariat to carry out its functions in accordance with article 20 of the Convention<sup>1</sup> and rules 24 and 25 of the Convention's Rules of Procedure (ECE/CP.TEIA/3).<sup>2</sup> The organization of meetings under the auspices of the Conference of the Parties, when held at the United Nations Office at Geneva, has been also covered through the regular budget.
6. Extrabudgetary resources have been used to cover the costs of, inter alia:
  - (a) Organization of workplan activities aimed at strengthening the implementation of the Convention;

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<sup>1</sup> Article 20: The Executive Secretary of the Economic Commission for Europe shall carry out the following secretariat functions: (a) convene and prepare meetings of the Parties; (b) transmit to the Parties reports and other information received in accordance with the provisions of this Convention; (c) such other functions as may be determined by the Parties.

<sup>2</sup> Rule 24: The Executive Secretary of the United Nations Economic Commission for Europe shall provide secretariat services for the Conference of the Parties and all meetings organized under its auspices. He/She may delegate these functions to a member of his/her staff.  
Rule 25: For meetings the secretariat shall: (a) prepare the documents requested by the Conference of the Parties in consultation with the Bureau; (b) arrange for interpretation; (c) arrange for translation, reproduction and distribution of the documents; (d) arrange for custody and preservation of the documents in the archives of the United Nations Economic Commission for Europe.

(b) Needs-driven assistance to beneficiary countries under the Assistance Programme;

(c) Participation of experts from countries with economies in transition in workplan activities;

(d) Strengthening the capacity of the secretariat through extrabudgetary staff.

7. Extrabudgetary resources have been provided through financial and in-kind contributions. For the former, a trust fund has been established under the Convention, which is administered in accordance with the United Nations rules and regulations set by the General Assembly. The trust fund is subject to audit by the United Nations Board of Auditors. The financial resources from the trust fund are used exclusively for the implementation of activities contained in the biennial workplans adopted by the Conference of the Parties. The secretariat regularly reports on the use of financial resources to the Bureau and at each meeting of the Conference of the Parties.

## **II. Sustainable financial mechanism**

### **A. Objective**

8. The sustainable financial mechanism refers to extrabudgetary resources provided on a voluntary basis.

9. The objective of the sustainable financial mechanism is to establish the necessary financial foundations to meet the long-term priorities and directions set in the Long-term Strategy, which are to be achieved through the activities stipulated in the biennial workplans.

10. To achieve the overall objective the mechanism shall:

(a) Establish the necessary basis for preparing predictable biennial workplans with defined resource requirements;

(b) Introduce a fair way for sharing the responsibility among all Parties to provide the necessary resources for the implementation of the biennial workplans;

(c) Encourage all Parties and other stakeholders to support the implementation of the workplans;

(d) Encourage those Parties that have previously made significant contributions to continue providing extrabudgetary resources, when possible at a substantial level, for the implementation of the workplan activities.

### **B. Elements of the mechanism**

#### **1. Structure and funding assumptions for biennial workplans**

11. The biennial workplans, which are prepared by the Bureau for consideration and adoption by the Conference of the Parties, shall consist of two parts:

(a) Core activities and;

(b) Assistance activities.

12. The core activities are grouped according to the following priority areas of the Long-term Strategy:

- (a) Involvement of Parties and other stakeholders — priority area I;
- (b) Exchange of information — priority area II;
- (c) Strategic partnerships — priority area IV;
- (d) Financing — priority area V.

13. The core activities also include mandatory meetings under the Convention.

14. Assistance activities — priority area III of the Long-term Strategy — included in the workplan are projects approved for implementation and additional projects that are expected to be implemented within the biennium.

15. The cost of workplan activities shall be calculated in United States dollars. Assistance activities shall normally have budgets defined on the basis of an estimation previously submitted to the Bureau. Funding requirements, or estimated costs of core activities, will be stated according to the indicative amounts contained in the annex. These indicative amounts are also used to define the value of in-kind contributions.

16. The cost of all activities shall also include an estimate of the work-months of the secretariat staff needed to prepare and carry them out. Work-months exceeding the resources of regular budget staff should be covered by extrabudgetary resources and expressed in United States dollars.

17. The biennial workplans shall allow for predictable resource requirements from Parties. To this end, the level of resource requirements should not differ substantially between subsequent workplans. However, this condition should be waived in the case of joint projects with other bodies that result in substantially higher resource requirements, which are covered by large contributions from these bodies (see section 5 below).

## **2. Workplan activities vis-à-vis the extrabudgetary resources**

18. Parties, other ECE member countries, the European Commission, international organizations and industry are invited to provide extrabudgetary resources for any workplan activity. In that regard, co-funding shall be the preferred method for the implementation of workplan activities, i.e., funding coming from more than one of the above-named groups of stakeholders.<sup>3</sup>

19. The primary responsibility for securing the necessary resources needed to implement the workplans lies with the Parties. The sustainability of the mechanism therefore requires the participation of all Parties in the implementation of the workplan activities.

## **3. Contributions**

20. Resources may be provided through a financial or in-kind contribution. A financial contribution should be made to the Convention's trust fund. Financial contributions can be made towards the overall implementation of a biennial workplan or be earmarked for a particular activity. An in-kind contribution can be made through covering the cost of services linked to a workplan activity (organization of a meeting, provision of expertise, etc.).

21. All Parties are encouraged to provide resources for the implementation of the workplan activities and they are invited to consider contributions that reflect their economic strength, or higher. Other stakeholders are encouraged to provide contributions also.

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<sup>3</sup> Work to secure contributions from Strategic Partners is in development. In previous bienniums most funding has come from voluntary extrabudgetary contributions from the Parties.

22. Those Parties that have previously made significant contributions are invited to continue providing substantial contributions.

23. Financial contributions, unless earmarked to the contrary, will be used in accordance with the priorities assigned to areas and activities in the workplan.

#### **4. Call for contributions from Parties**

24. In the years when meetings of the Conference of the Parties are held, the Parties will receive a draft biennial workplan with the resource requirements prepared by the Bureau together with a letter inviting them to provide contributions. Those Parties that have previously made significant contributions will be invited to maintain the level of their past contributions for the present workplan. Other Parties will be requested to provide contributions reflecting their economic strength.

25. The Parties will receive a letter in the year between the meetings of the Conference of the Parties referring to the adopted workplan, and reporting on the status of the trust fund, and will be invited to provide contributions. If shortfalls in biennial funding occur, the letter will draw the attention of the Parties to this fact.

26. Letters to those Parties that have not pledged or contributed to the trust fund, and that have not made or pledged an in-kind contribution to the implementation of the workplan, will suggest a specific amount be contributed. The amount will be calculated using the agreed budget for the Convention and the scale of assessments for the apportionment of the expenses of the United Nations, adjusted to those States that are Parties to the Convention.<sup>4</sup>

#### **5. Seeking contributions by other stakeholders**

27. Contributions by stakeholders other than Parties can be an important part of funding workplan activities, particularly under the Assistance Programme. To this end, ECE member countries, the European Commission, international organizations and industry are encouraged to provide their support. Information is to be exchanged with them on mutual needs and interests, as well as reciprocal benefits from organizing joint activities. Where possible, long-term partnerships in areas of mutual interest with co-funding schemes for joint activities should be concluded.

28. The Chair or a Vice-Chair of the Bureau, with the support of the secretariat, should meet and correspond with representatives of such stakeholders, to raise awareness of the Convention and its Assistance Programme and to explore possibilities for funding of activities, with financial or in-kind contributions, as well as other forms of cooperation. Such cooperation might include, for example, coordination of joint activities for strengthening industrial safety and complementing each other's work.

29. Parties are encouraged to assist in exploring possibilities for involving different groups of stakeholders and in establishing long-term partnerships with international organizations and programmes, particularly where Parties are able to influence decision-making by such stakeholders.

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<sup>4</sup> The General Assembly periodically reviews the scale of assessments for the apportionment of the expenses of the United Nations. In this regard, see General Assembly resolution 64/248 of 24 September 2009, which is available as a background document on the web page for the meeting (<http://www.unece.org/env/teia/cop7.html>).

30. Furthermore, a crucial role in ensuring additional contributions, especially coming from the European Commission's dedicated funds, can be played by Parties or ECE member countries according to the rules on application eligibility.<sup>5</sup>

### **III. Application of the sustainable financial mechanism**

31. The following are the roles of the Parties, the Conference of the Parties, the Bureau and the secretariat with regard to the application of the sustainable financial mechanism:

- (a) Parties:
  - (i) Pledge or indicate, prior to adoption of a biennial workplan, the level of annual voluntary financial and in-kind contributions (the pledges show whether the implementation of the workplan prepared by the Bureau is feasible);
  - (ii) Take an active part in ensuring additional contributions;
- (b) The Conference of the Parties:
  - (i) Adopts the workplan;
  - (ii) Prioritizes activities, including identifying activities which should be put on hold in case the pledges and indications for voluntary contributions by Parties are assessed as insufficient to cover the implementation of the whole of the workplan;
- (c) The Bureau:
  - (i) Prepares an affordable workplan and other related documents in accordance with the sustainable financial mechanism;
  - (ii) Actively encourages Parties to provide support at least at a level reflecting their economic strength and, when relevant, in case of non-contributing Parties, arranges meetings to foster their support and build awareness on the need for sustainable financing;
  - (iii) Monitors the implementation of the workplan and the assistance activities and introduces relevant adjustments, including prioritization of activities, when needed;
  - (iv) Encourages an active role of ECE member countries, the European Commission, international organizations and industry in ensuring additional contributions;
- (d) The secretariat:
  - (i) Implements and manages the workplan activities, including assistance activities;
  - (ii) Supports the Bureau in preparing the workplan and related documents for further consideration by the Conference of the Parties.

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<sup>5</sup> Depending on the particular instrument, the application eligibility may lie with beneficiary countries for which the instrument was established, for others they can be dedicated for application by European Union member States.

## **Annex**

### **Indicative amounts for estimating the level of workplan resource requirements and for costing in-kind contributions**

Indicative amounts:

- (a) Core activities:
    - (i) Organization of a meeting of the Conference of the Parties: \$50,000;
    - (ii) Organization of a workshop: \$30,000;
    - (iii) Organization of a joint meeting of the Bureau and Working Group on Implementation: \$7,500;
    - (iv) Organization of a meeting of the Bureau or Working Group: \$5,000;
    - (v) Organization of a task force meeting: \$2,500;
    - (vi) Participation of an expert from a country with an economy in transition in a workplan core activity: \$1,500;
  - (b) Provision of expertise within assistance activities:
    - (i) Travel of expert: \$1,000;
    - (ii) Expertise provided during one mission: \$2,000.
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