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Item 7 of the provisional agenda\*\*

**International environmental governance**

## **Overview of progress on international environmental governance**

### **Report of the Executive Director**

#### **I. Introduction**

1. At its seventh special session, the Governing Council/Global Ministerial Environment Forum, in its decision SS.VII/1 of 15 February 2002 on international environmental governance, adopted a report of the Open-ended Intergovernmental Group of Ministers or Their Representatives on International Environmental Governance containing recommendations on the subject of strengthening international environmental governance, and decided to review the implementation of those recommendations at its twenty-second session, following the outcome of the World Summit on Sustainable Development. It also decided to consider further measures at its twenty-second session for strengthening the United Nations Environment Programme (UNEP).

2. The World Summit on Sustainable Development, in its Plan of Implementation, decided that the international community should: “Fully implement the outcomes of the decision on international environmental governance adopted by the Governing Council of the United Nations Environment Programme at its seventh special session and invite the General Assembly at its fifty-seventh session to consider the important but complex issue of establishing universal membership for the Governing Council/Global Ministerial Environment Forum.”<sup>1</sup>

\* Re-issued for technical reasons.

\*\* UNEP/GCSS.VIII/1.

<sup>1</sup> *Report of the World Summit on Sustainable Development*, Johannesburg, South Africa, 26 August–4 September 2002 (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex, chapter XI, entitled “Institutional framework for sustainable development”, paragraph 140, subparagraph (d).

3. The General Assembly at its fifty-seventh session, in its resolution 57/251, recalled the above decision of the World Summit on Sustainable Development and invited “Member States, the Governing Council of the United Nations Environment Programme, and the relevant bodies of the United Nations system to submit to the Secretariat their comments on the important but complex issue of establishing universal membership for the Governing Council/Global Ministerial Environment Forum, including its legal, political, institutional, financial and system-wide implications,” and requested the Secretary-General “to submit a report incorporating those views to the General Assembly for its consideration before its sixtieth session”.

4. Having noted General Assembly resolution 57/251, the Governing Council/Global Ministerial Environmental Forum, at its twenty-second session, in decision 22/17, part I, requested the Executive Director, “in the framework of the implementation of paragraph 4 of” that resolution, “to invite Governments to submit written comments on the subject by 31 October 2003”, and to “submit a report incorporating those comments from Governments” to the Governing Council/Global Ministerial Environment Forum for its consideration at its eighth special session, to be held in 2004 in Jeju, Republic of Korea.

5. In the decision, the Governing Council requested the Executive Director, “in collaboration with the United Nations Development Programme, the Global Environment Facility and other relevant organizations, in compliance with decision SS.VII/1, paragraphs 33 and 34, to develop an intergovernmental strategic plan for technology support and capacity-building and submit a draft strategic plan to the Governing Council/Global Ministerial Environment Forum at its eighth special session in 2004.” The Council specified that the “draft strategic plan should be based on input from States, both at the regional and the national level, to incorporate national and regional priorities.”

6. The Governing Council requested the Executive Director to report on progress in the implementation of decision 22/17, part I, to the Governing Council/Global Ministerial Environment Forum at its eighth special session.

7. This report presents a summary of actions taken or proposed on international environmental governance in the implementation of decision 22/17, part I, and decision SS.VII/1 and the recommendations therein of the Intergovernmental Group of Ministers or Their Representatives on International Environmental Governance in the light of the Plan of Implementation of the World Summit on Sustainable Development. The following issues are covered:

- (a) Universal membership for the Governing Council/Global Ministerial Environment Forum;
- (b) Strengthening the scientific base of UNEP;
- (c) An intergovernmental strategic plan for technology support and capacity-building;
- (d) Strengthening the financing of UNEP;
- (e) Multilateral environmental agreements;
- (f) Enhanced coordination across the United Nations system and the Environmental Management Group.

8. The Governing Council/Global Ministerial Environment Forum also concluded in decision SS.VII/1 that the Governing Council/Global Ministerial Environment Forum should promote the meaningful participation of representatives of major groups and non-governmental organizations, including the private sector, giving them clear channels for providing Governments with their views. In the light of Governing Council decision 22/18 of 7 February 2003, in which the Committee of Permanent Representatives to UNEP was requested to continue work on enhancing the engagement of civil society in the work of UNEP, taking into account the ongoing United Nations reform process, the possible amendment to rule 69 of the rules of procedure of the Governing Council should be informed by the work being done by the Secretary General’s Panel of Eminent Persons on United Nations-Civil Society

Relations. The panel, chaired by the former President of Brazil, Mr. Fernando Enrique Cardoso, is considering how the relationship between the United Nations and civil society, the private sector and parliaments can be improved, and is expected to present its final report in April 2004.

## II. Question of universal membership of the Governing Council/Global Ministerial Environmental Forum

9. In pursuance of General Assembly resolution 57/251 and Governing Council decision 22/17, part I, the Executive Director sent a letter on 16 June 2003 to all Governments inviting them to submit by 31 October 2003 their views on the question of universal membership of the Governing Council/Global Ministerial Environment Forum. An updated issue paper was enclosed with the letter for information (UNEP/IEG/UM/1/1), and is also before the Council/Forum at this session for consideration in document UNEP/GCSS.VIII/INF/11.

10. As of 13 January 2004, the UNEP secretariat had received written comments from the following Governments: Barbados, Canada, Chile, China, Georgia, Italy (on behalf of the 25 members and acceding States of the European Union), Malaysia, Mexico, Monaco, New Zealand, Norway, Russian Federation, Slovenia, Switzerland, Syrian Arab Republic, Turkey, United States of America, Venezuela.

11. Of the 18 replies above (including the one representing the members and acceding States of a regional economic integration organization), 12 Governments expressed their support for universal membership, three were opposed, two others had not decided their positions and needed more time to consider the issue, and one indicated that the matter was being positively pursued.

12. In their respective replies, the Governments provided several reasons both in support of universal membership and against it. Those Governments in support of universal membership provided the following reasons:

(a) The governance structure should be one that best fits the current requirements and ensures that UNEP benefits from structures that are fully open, transparent and participatory. Universal membership would fulfil this requirement and would allow all United Nations Member States to participate in the decision-making process with full right and would facilitate and legitimize the decision-making process on global environmental matters;

(b) The fulfilment of the UNEP mandate to serve as the leading global environmental authority, setting the global environmental agenda, promoting the coherent implementation of the environmental dimension of sustainable development and serving as an authoritative advocate for the global environment requires that its membership be universal. The current membership of the Governing Council was based on the assumption that the main task of the Governing Council was to provide an executive body to guide the overall activities financed by the Environment Fund. It was not so much to be a representative world forum on global environment. The evolution of the role and mandate of UNEP over the past three decades justifies that those basic assumptions be reconsidered;

(c) There is a growing demand for more inclusive, transparent and democratic representation in intergovernmental forums on global environmental matters in order to address issues of concern of all States. While universal participation of Governments in the Governing Council/Global Ministerial Environment Forum has been established, the decision-making process is still limited to 58 members, which might have a negative impact on the perception of universal ownership by States of environmental initiatives and decisions made by the Governing Council/Global Ministerial Environment Forum. Legal steps should now be taken to establish universal membership;

(d) UNEP has an important role in relation to coordination of environmental activities in the United Nations system, including the need to improve coordination among multilateral environmental agreements that have universal membership;

(e) The continuing trend of environmental degradation and the related challenges for human well-being raise a strong need for universal environmental policy debate and guidance. The overarching goal should be the achievement of coherent, comprehensive, effective and efficient international environmental governance. The natural environment is universal, and many of the environmental problems that we face are universal. Each country is directly concerned by these global challenges. Therefore, the Governing Council/Global Ministerial Environment Forum, as the main international forum for policy guidance and review in environmental matters, needs to be universal too;

(f) Policy matters are broadly discussed among both members and non-members of the Governing Council. However, the decision making process, including the possibility to submit formal proposals, is limited to members. This shortcoming must be remedied. Only with universal membership can the Governing Council/Global Ministerial Environment Forum effectively fulfil its role and be a representative world forum on global environmental issues;

(g) Environment ministers agreed in Governing Council decision SS.VII/1 on international environmental governance that the Governing Council/Global Ministerial Environment Forum should provide necessary overarching policy guidance. This requires that all members of relevant multilateral environmental agreements and processes also be members of the Governing Council/Global Ministerial Environment Forum and thus be directly involved in the formal decision-making process;

(h) There are no legal, institutional or financial barriers to establishing universal membership of the Governing Council/Global Ministerial Environment Forum. The example of the United Nations Forum on Forests clearly shows that there are no institutional barriers;

(i) If the Governing Council/Global Ministerial Environment Forum would be strengthened through universal membership, other dimensions and institutions of sustainable development within the United Nations system would profit likewise. Since the work and activities of the different United Nations institutions are interlinked, strengthening of one pillar of sustainable development will result in strengthening other pillars too;

(j) Establishing universal membership of the Governing Council should not be perceived as a precedent for altering the institutional framework of other decision-making bodies within the United Nations system;

(k) The rules of procedure of the General Assembly regarding main committees and subsidiary bodies justify that every Member State has the right to be represented in those bodies, which in turn support universal representation in its subsidiary body (such as the Governing Council);

(l) Given the global or transboundary nature of environmental problems, the participation of countries in the overall management of UNEP should be universal and not limited to a group of countries. The decision-making process at UNEP, the leading global environmental authority, should be equally open to all countries, that is, fully universal.

13. Those Governments that provided reasons against universal membership of the Governing Council/Global Ministerial Environment outlined the following points:

(a) A universal composition already exists within the UNEP Governing Council, which has been working adequately. It is important to recognize the open nature of the decisions of the Governing Council. In fact, the only restriction to countries that are not members of the latter is that they cannot participate in its voting sessions; and these only take place very occasionally, bearing in mind that most of the decisions are taken by consensus;<sup>2</sup>

(b) It is not understandable what would be the aggregated value of establishing universal membership and why such status should be granted to a United Nations programme;

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<sup>2</sup> In addition, it should be noted – although this point was not raised in the comment – that non-members may not become officials of the Bureau of the Governing Council.

(c) Universal membership of the Governing Council/Global Ministerial Environment Forum would imply an important increase in UNEP financial costs, especially regarding financial support to the adequate and balanced participation of developing countries. Travel of ministers would demand a proportional mobilization of political, diplomatic and technical personnel from developing countries comparable to that from developed countries. This cannot be accomplished by developing countries and it is not known whether voluntary contributions could satisfy this basic need of equity in the negotiations;

(d) Methods and practices existing within the Governing Council that are substantially/sufficiently democratic to ensure an adequate record of opinions both of Governing Council members as well as of the other United Nations Member States and partners, including representatives of civil society;

(e) There is a possibility that the realization of the formally democratic idea of universal membership in practice will result in a more complicated decision-making process within UNEP and lead to changes of a structural and financial nature;

(f) It would be unjustified to consider universalizing the UNEP Governing Council separately from the other United Nations bodies with a limited membership without taking into account possible consequences of the precedent;

(g) Very few subsidiary bodies of the General Assembly have universal membership;

(h) There are concerns that giving UNEP universal membership would imply that universal membership should be adopted across the United Nations system;

(i) It was noted that the lack of universal membership does not prevent entities such as the Commission on Sustainable Development, the United Nations Development Programme, the United Nations Population Fund, the United Nations Children's Fund and the United Nations Human Settlements Programme (UN-HABITAT) from carrying out their important work. By creating universal membership, UNEP would be breaking away from established practice in the United Nations system;

(j) The adoption of universal membership would be likely to lead to significantly higher administrative costs to the organization, and the likelihood that conferences would be larger and longer. Since additional travel and conference costs would come out of core resources, less money would be available for programming;

(k) All countries, members and non-members alike, benefit from universal participation at UNEP. All countries' ministers are encouraged to participate actively at the Governing Council/Global Ministerial Environment Forum and many do so. Countries with an interest in UNEP activities are given a voice and a role through universal participation;

(l) In practice, the UNEP Governing Council takes almost every decision by consensus. No example is known of any Governing Council decision that disadvantaged or ignored the view of a country because it lacked the right to cast a formal vote;

(m) History shows that universal participation, not universal membership, is important for the functioning of UNEP. Universal membership is a costly solution to a problem that does not exist.

14. Those Governments that were to positively consider this issue further also provided their comments, including the following:

(a) Welcomes the issue paper as a positive contribution to the debate at the General Assembly;

(b) Firmly supports the stronger role of UNEP in the international environmental agenda;

(c) The discussion on establishing universal membership for the Governing Council/Global Ministerial Environment Forum is very important;

(d) The reform of the UNEP Governing Council should be considered in coordination with reforms of other economic and social institutions of the United Nations system, taking into account cross-cutting issues;

(e) Reaffirms the need to strengthen the institutional framework for sustainable development at the international level;

(f) Reaffirms the importance of strengthening international environmental governance as part of broader efforts to strengthen the overall institutional structure for sustainable development;

(g) International environmental governance should be strengthened, building on existing structures, in particular UNEP. This could lead to the upgrading of UNEP into a United Nations specialized agency with a broadly-based mandate on environmental matters;

(h) Deliberations on improved international environmental governance should result in a strengthened UNEP, where all countries are entitled to participate on an equal basis;

(i) More time is needed to reflect more deeply on the legality, legitimacy and practical and financial implications of establishing universal membership of the Governing Council/Global Ministerial Environment Forum;

15. One Government stated its expectation that the Secretary-General's report to the General Assembly, which incorporates countries' views on the issue, would be largely based on document UNEP/IEG/UM/1/1, complemented, where necessary, with additional observations from countries.

16. A more detailed synthesis of the views of the above Governments will be found in document UNEP/GCSS.VIII/INF/6.

17. Consideration by the Governing Council/Global Ministerial Environment Forum of this issue will be noted in detail and provided to the Secretary-General of the United Nations, who will report to the General Assembly at its fifty-ninth session in pursuance of its resolutions 57/251 and 58/209. The Secretary-General will also take into account the views of other entities mentioned in those resolutions.

### **III. Strengthening the scientific base of UNEP**

18. The Governing Council, in its decision SS.VII/1 of 15 February 2002 on international environmental governance, adopted the report of the Open-ended Intergovernmental Group of Ministers or Their Representatives on International Environmental Governance, which concluded that the increasing complexity of environmental degradation requires an enhanced capacity for scientific assessment, monitoring and early warning. Furthermore, the Group recommended that "further consideration should be given to strengthening UNEP's scientific base by improving its ability to monitor and assess global environmental change including, inter alia, through the establishment of an intergovernmental panel on global environmental change."

19. At the twenty-second session of the Governing Council/Global Ministerial Environment Forum, held in February 2003, the Executive Director put forward a proposal for the establishment of an intergovernmental panel on global environmental change for consideration by the Governing Council/Global Ministerial Environment Forum. However, the Council/Forum decided that further consideration of this issue was needed, and initiated a consultative process on strengthening the scientific base of UNEP. The Governing Council, in decision 22/1 I A, invited Governments, intergovernmental organizations, non-governmental organizations and scientific institutions to submit their views on three questions and eight considerations relating to the assessment of the environment and environmental change and the work of UNEP and other organizations in this area.

20. In implementing this decision (“Strengthening the scientific base of the United Nations Environment Programme”, sometimes referred to as the Science Initiative), UNEP contacted over 627 institutions, including 197 Governments, 186 intergovernmental organizations, 101 non-governmental organizations and 143 scientific institutions, inviting them to provide their views.
21. In order to facilitate the process, UNEP developed an optional web-based questionnaire to help respondents in making their submissions, assist in the analysis and synthesis of responses, and facilitate making the submissions publicly available, as requested in paragraph 4 of decision 22/1 I A. The web-based questionnaire is available at <http://science.unep.org>, as are all the relevant background documents and responses received. Organizations and institutions not included in the invitation process were able to register and participate in this exercise. The deadline for submissions was 15 September 2003, but 123 submissions received up to 12 November 2003 were included in the analysis.
22. Paragraph 4 of decision 22/1 I A also requested the Executive Director of UNEP to prepare a synthesis report for the Governing Council/Global Ministerial Environment Forum at its eighth special session. The synthesis report is presented in document UNEP/GCSS.VIII/5/Add.3 and is based on an independent analysis of 123 responses carried out in October and November 2003 under the auspices of the Scientific Committee on Problems of the Environment of the International Council for Science. Some additional questions were added to the optional questionnaire by the secretariat. The analysis of the responses to those questions has not been included in the synthesis report, but is found in the information document UNEP/GCSSVIII/INF/8.
23. As of 8 January 2004, UNEP had received 153 responses, including 75 from Governments. The additional submissions received but not included in the analysis largely confirmed the overall findings of the analysis. Paragraph 4 of decision 22/1 I A requests that all submissions be made publicly available; this was done on the UNEP web site <http://science.unep.org> in early December.
24. Following the issuance of the synthesis report, the Executive Director of UNEP was also requested to facilitate an intergovernmental consultation in preparation for the eighth special session of the Governing Council/Global Ministerial Environment Forum. The intergovernmental consultation took place in Nairobi on 14 and 15 January 2004 with financial support from the Governments of Norway and the Netherlands. The consultation was attended by 157 participants representing 93 Governments and more than 50 observers from intergovernmental organizations, non-governmental organizations and scientific institutions. The Executive Director also took advantage of the intergovernmental consultation to organize a two-day meeting of leading scientific and technical experts, which took place on 12 and 13 January 2004, as well as an informal inter-agency meeting that took place on 16 January 2004. The conclusions and recommendations from the intergovernmental consultations and a summary report from the scientific and technical meeting are contained in document UNEP/GCSS.VIII/5/Add.4.
25. The transparent and broad participatory consultative process provided a rich and thorough perspective of views regarding the three questions posed in Governing Council decision 22/1 I A, namely: Question 1: what were the likely gaps and types of assessment needs with respect to the environment and environmental change? Question 2: how were UNEP and other organizations meeting those assessment needs? Question 3: what options existed with respect to meeting any unfulfilled needs that fell within the role and mandate of UNEP? The conclusions and recommendations of the well-attended and regionally balanced intergovernmental consultation as reported in UNEP/GCSS.VIII/5/Add.4 consolidated and summarized the findings of the wider consultative process as presented in the synthesis report by the Executive Director (UNEP/GCSS.VIII/5/Add.3).
26. Regarding question 1, the intergovernmental consultation among other things noted that long-term priorities for assessment of existing environmental challenges should be established in support of adaptive environmental monitoring and management. A number of specific national and regional assessment requirements were highlighted by various countries, such as water, land degradation, forests, chemicals, biological diversity, ecosystem services, consumption and production, environmental and human health, and the environmental dimensions of pre- and post-conflict situations. A focused science- and multi-stakeholder-based assessment of interlinkages between environmental challenges and between environment and development was needed as a basis for improved coordination and integration of environmental concerns into sectoral plans and policies. Engaging the best scientific expertise to

undertake independent, peer-reviewed assessments based on reliable data would enhance scientific credibility. For most environmental issues, however, data quality and quantity needed to be improved. Interaction between science and policy needed to be improved through more effective intergovernmental and multi-stakeholder consultations. Cost-effectiveness, cooperation and strengthening of existing institutions and multilateral environmental agreements also had to be improved. Regional consultation, cooperation and networking was seen as critical to linking assessments across differing scales and to strengthening information-sharing. There was a strong call for strengthened developing country participation in international assessments and for improved national capacities in developing countries for environmental monitoring and assessment.

27. Regarding question 2, the key role of UNEP in sponsoring, participating in and implementing existing international assessments was widely recognized. Many other organizations, including United Nations bodies, also played key roles in conducting and supporting environmental assessments. It was suggested that UNEP could offer an umbrella for coordination by periodically taking stock of ongoing environmental assessment activities. Much scope existed for improved cooperation with other United Nations agencies and with convention secretariats, as well as with regional ministerial forums, to maximize synergies. The important role of UNEP in capacity-building was noted, particularly with respect to collaborating centres in developing countries through the Global Environment Outlook process. The twinning of institutions from the North and the South and encouraging South-South cooperation were seen as important functions that needed further strengthening.

28. Regarding question 3, a number of mutually supportive options for strengthening the scientific base of UNEP within the Programme's mandate were identified in response to the findings under questions 1 and 2 above. Specific reference was made to the recommendations from the meeting of scientific and technical experts with respect to strengthening the scientific credibility of the Global Environment Outlook process. The efforts of UNEP in capacity-building in environmental research, monitoring and assessment were seen as vitally important and must be strengthened and expanded at all levels. Such efforts should be taken into account in the development of the strategic plan for technology support and capacity-building<sup>3</sup>. The consultation confirmed the findings in the synthesis report regarding the present differences in views concerning the establishment of an intergovernmental panel on global environmental change. The need to strengthen existing mechanisms in a coherent fashion was emphasized. Assessment priorities should be defined within the context of the internationally agreed goals of the United Nations Millennium Declaration and the Plan of Implementation of the World Summit on Sustainable Development in the form of a coherent environmental assessment partnership framework.

29. The conclusions and recommendations of the intergovernmental consultation clearly relate to the implementation of the programme of work for the current biennium and Governing Council decision 22/1 I B. In that decision, the Governing Council requested the Executive Director to prepare a comprehensive Global Environmental Outlook report for 2007 and support sub-global, thematic and crosscutting assessments and urged Governments to provide additional funding for capacity-building. The intergovernmental consultation recognized that many of the recommendations implied additional activities for UNEP to implement and that such additional activities could not be achieved within current staffing and budget allocations. The development of the programme of work for the biennium 2006–2007 would be a major vehicle for the implementation of such findings of the consultative process as were approved by the Governing Council/Global Ministerial Environment Forum.

30. The intergovernmental consultation concluded a thorough, participatory and interactive consultative process involving Governments, intergovernmental organizations, non-governmental organizations and the scientific community. The Governing Council/Global Ministerial Environment Forum now has the conclusions and recommendations of the intergovernmental consultations contained in UNEP/GCSS.VIII/5/Add.4 before it. The findings of and experience gained in the process will assist UNEP in prioritizing and strengthening the scientific base of its programmatic activities in the area of environmental assessments, monitoring and early warning and in facilitating the interaction between scientists and policy makers.

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<sup>3</sup> See also Governing Council decision 22/17 I of 7 February 2003.

## **IV. Intergovernmental strategic plan on technology support and capacity-building**

31. The Governing Council, in part I of its decision 22/17, recalled the Plan of Implementation of the World Summit on Sustainable Development, in particular chapter X on means of implementation, which emphasizes the need for enhancing support to developing countries and countries with economies in transition for capacity-building as well as technical and technological support, and took note of initial efforts by UNEP to initiate a process for the development of an intergovernmental strategic plan for technology support and capacity-building. In the decision, the Governing Council requested the Executive Director, “in collaboration with the United Nations Development Programme, the Global Environment Facility and other relevant organizations, in compliance with decision SS.VII/1, paragraphs 33 and 34, to develop an intergovernmental strategic plan for technology support and capacity-building and submit a draft strategic plan to the Governing Council/Global Ministerial Environment Forum at its eighth special session in 2004.” The Council specified that the “draft strategic plan should be based on input from States, both at the regional and the national level, to incorporate national and regional priorities.”

32. Pursuant to the decision, the UNEP secretariat has initiated a preparatory process of consultations, starting with relevant organizations as mandated by the Governing Council/Global Ministerial Environment Forum. In order to secure inputs from States on their national and regional priorities, the secretariat will soon circulate to Governments a document setting out elements of a possible framework of a future intergovernmental strategic plan, prepared on the basis of UNEP experience in this field as well as views expressed by Governments in various regional or international forums. This document will be made available to the Council/Forum as document UNEP/GCSS.VIII/5/Add.1.

33. The following process is envisaged in preparation and finalization of the draft intergovernmental strategic plan:

(a) The report of the Executive Director containing possible elements of the draft intergovernmental strategic plan will be submitted to the Council/Forum and outline a substantive process for the development of such a plan;

(b) The Governing Council/Global Ministerial Environment Forum may wish to provide guidance on the further process for developing and finalizing the intergovernmental strategic plan. Subject to the outcome of the discussions in Jeju, the secretariat will organize a process of intergovernmental consultations with a view to finalizing the draft intergovernmental strategic plan;

(c) The secretariat will compile the inputs from Governments, together with their inputs in response to the elements paper, and make them available for the process established by the Governing Council/Global Ministerial Environment Forum at its eighth special session;

(d) The draft intergovernmental strategic plan, once finalized through intergovernmental consultations, may be submitted to the Governing Council/Global Ministerial Environment Forum at its twenty-third session for consideration and adoption.

## **V. Strengthening the financing of UNEP**

### **A. Implementation of the voluntary indicative scale of contributions**

34. At its seventh special session, the Governing Council/Global Ministerial Environment Forum emphasized in decision SS.VII/1 that all Member States of the United Nations should contribute financially to UNEP and encouraged them to contribute to the Environment Fund, taking into account their economic and social circumstances, either on the basis of a voluntary indicative scale of contributions or on the basis of biennial pledges, the United Nations scale of assessment, their historical level of contributions or any other basis identified by a Member State. The Executive Director was

requested to notify all member States of the proposed indicative scale of contributions and all countries were urged to inform UNEP whether or not they would use the proposed scale or choose another basis for their contributions.

## **B. Indicative scale in 2003: Pilot phase.**

35. In September 2002, in the light of its decision SS.VII/1 on international environmental governance and the Plan of Implementation of the World Summit on Sustainable Development, which called for the full implementation of that decision, the Executive Director of UNEP sent a letter to the Governments of all United Nations Member States concerning a voluntary indicative scale and invited the countries to join in its application during a pilot phase in 2003.

36. The methodology used for developing the indicative scale was based on the following main goals:

- (a) To maintain the voluntary character of contributions to the Environment Fund;
- (b) To increase the level of annual contributions to \$60 million, equal to half of the Environment Fund budget approved by the Governing Council for the biennium 2002–2003;
- (c) To broaden the donor base and invite all United Nations Member States to consider regular and adequate contributions to the Environment Fund;
- (d) To maintain a level of high and adequate contributions by the traditional donor countries;
- (e) To invite the main donor countries which were currently paying below the United Nations scale and their previous high levels to increase their contributions gradually.

37. A total of 127 countries responded to the UNEP invitation to Governments to consider the indicative scale and make contributions in 2003. Ninety-four countries were positive about the indicative scale and 87 of them pledged or paid close to or above the proposed scale. Three more countries also paid according to the indicative scale and above it but did not support the proposed scale. Twelve countries did not make any comments about the scale and made voluntary contributions below the indicative scale. Fifteen countries expressed their reservations and decided to contribute on other bases, below the proposed scale. One country requested to be excluded from the indicative scale. Finally, two countries asked for more time to consider the indicative scale.

38. The main result achieved during the pilot phase was a significant widening of the base for voluntary contributions. A total of 118 countries pledged or contributed to the Environment Fund in 2003. That is more than 50 per cent above the average number of 74 countries paying annually to the Environment Fund and more than 30 per cent above the previous highest number of 90 donor countries, in 2002.

39. Another important result achieved during the pilot phase was an increase in payments by countries to the Environment Fund. By the end of 2003, more than 70 Governments had pledged or paid higher contributions in United States dollars than a year before. More than 50 countries increased budget allocations for contributions to UNEP, with 36 of them making their first pledges or resuming payments to the Environment Fund. A favourable exchange rate resulted in increased contributions from another 20 other countries.

## **C. Indicative scale in 2004–2005**

40. Following decision SS.VII/1 and taking into account feedback from Governments during the pilot phase, UNEP developed a new indicative scale for the current biennium 2004–2005. In July–August 2003, the Executive Director sent a letter to all Governments inviting them to consider a new indicative scale for the increased Environment Fund programme budget of 2004–2005. Countries were requested to respond by 30 September 2003. By the end of 2003, 61 countries had reacted to the call from UNEP. Forty-five countries supported the use of the indicative scale and 43 of them paid or pledged amounts for

2004. This is the highest number of countries making a pledge to the Environment Fund before the start of the calendar year to which the pledges relate. One more country also pledged in accordance with the indicative scale but did not support the scale. Six Governments informed UNEP that they would not be able to pay in accordance with the indicative scale because of very difficult economic situations in their countries. Four countries expressed reservations and pledged below the indicative scale. Two other countries did not make any comments and also pledged below the indicative scale. One country re-confirmed its request to be excluded from the indicative scale. Two countries asked for more time to consider the proposed scale.

**D. More efficient and effective use of available resources, including the possibility of utilizing external management review mechanisms, taking into account the recommendations of prior management reviews of UNEP**

41. In 2002, UNEP joined a results-based initiative launched by the United Nations Secretary-General. The ultimate aim of this effort was for the organization to determine more clearly and systematically the usefulness, relevance, effectiveness and impact of its work. The accent in this approach is primarily upon the results which an organization desires to achieve, rather than principally upon the resources and inputs distributed through its budget. This has shifted the emphasis from the delivery of outputs to the achievement of results, while making managers accountable for the effective and efficient use of resources entrusted to them.

42. The first practical step was the introduction of a logical framework in the biennial budget for the 2002–2003 period. A key feature of this new results-based approach was the articulation of objectives, expected accomplishments and indicators of achievement at the subprogramme level, to help change from a system premised on input and output accounting to one which demonstrates accountability through a fact-based presentation of results substantiated by indicators. In the Environment Fund programme of work for 2002–2003, there were 26 expected accomplishments and 32 indicators spread throughout seven subprogrammes of UNEP.

43. The second important step made during the last biennium was the introduction of results-based management and planning. Results-based management integrates strategy, processes and measurement to improve the decision making process. It facilitates course correction and performance improvement through periodic self-evaluations, which proved to be a useful management review mechanism. The purpose of results-based planning is to provide decision makers and other stakeholders with a clear indication of the results of a programme. Previously, planning and budgeting in the United Nations and UNEP centred around the allocation of resources and the delivery of outputs, rather than a determination of the effectiveness and impact of those outputs. Now the process of planning starts with the results desired and identifies the means to achieve those results. Furthermore, the resulting programme budget, in addition to containing information traditionally provided, also includes expected accomplishments, which, in turn, are measured by indicators of achievement.

44. According to decision SS.VII/1, paragraph 15 (b), the UNEP secretariat considered also the “possibility of utilizing external management review mechanisms taking into account the recommendations of prior management review mechanisms....” The UNEP secretariat has responded to the call for management reviews made in Cartagena by utilizing the following review mechanisms:

- (a) External experts commissioned by the UNEP Evaluation and Oversight Unit;
- (b) The Office of Internal Oversight Services (OIOS) set up by the General Assembly;
- (c) The Joint Inspection Unit, which, as stated on the unit’s web site, is the “external oversight body of the United Nations system responsible for conducting inspections, evaluations and investigations system-wide regarding all matters having a bearing on the efficiency of the participating organizations and the proper use of resources.” Reports by the unit are addressed to one or more organizations concerned or to all the organizations, including UNEP, when the subject is of interest to the system as a whole;

- (d) United Nations external auditors.

45. The UNEP Evaluation and Oversight Unit conducts subprogramme, project and self evaluations of the activities of UNEP to ensure accountability, learning and self-reflection. The unit prepares annual evaluation reports, which are intersessional documents of the Governing Council. These reports analyse UNEP activities based on the standard United Nations evaluation parameters of relevance, effectiveness, efficiency and impact. Recommendations of evaluation reports are discussed at the senior management level and implemented by the relevant units of the secretariat.

46. The reviews carried out by OIOS, external auditors and the Joint Inspection Unit are recurring phenomena. In 2002–2003, OIOS carried out audits of the Division of Technology, Industry and Economics and the Division of Early Warning and Assessment. These provided recommendations for improving divisional level and system-wide management and ensuring compliance with United Nations regulations and rules. In addition, OIOS carried out a review of the UNEP World Conservation Monitoring Centre (WCMC) and audited specific functions, such as UNEP publishing activities, in order to provide advice on how better to organize and manage them.

47. United Nations external auditors carried out reviews of several aspects of UNEP work in the 2002–2003 period. The external audits focused, among other things, on accounts and financial reporting, financial management, budgetary controls, programme and project management, information and communications technology, staff training and various environmental issues. These reviews resulted in recommendations for implementation by the secretariat.

## **E. Strong focus on agreed priorities of UNEP and ongoing review of previous priorities**

48. The Governing Council ensures that the UNEP programme of work is fully consistent with the mandate given to UNEP and the priorities identified in guiding documents such as the 1972 Stockholm Declaration on the Human Environment,<sup>4</sup> the 1997 Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme<sup>5</sup> and the 2000 Malmö Ministerial Declaration<sup>6</sup>, as well as the 2000 United Nations Millennium Declaration,<sup>7</sup> the 2002 Johannesburg Declaration on Sustainable Development<sup>8</sup> and the Plan of Implementation of the World Summit on Sustainable Development. Efforts are also being made to ensure that the UNEP programme of work is compatible with the United Nations medium-term plan for 2002–2005 and with relevant directives from the General Assembly.

49. All the resources of the Environment Fund are used for the implementation of the programme of work by using the programme and support budgets approved by the Governing Council. The Environment Fund programme is made up of seven subprogrammes, with clear agreed priorities.

50. In order to achieve a higher implementation rate in programme activities, UNEP also raises additional earmarked contributions from Governments and selected non-governmental partners. The earmarked payments are made in support of the most urgent and important activities within the agreed programme priorities.

<sup>4</sup> *Report of the United Nations Conference on the Human Environment, Stockholm, 5–16 June 1972* (United Nations publication, Sales No. E.73.II.A.14 and corrigendum).

<sup>5</sup> Governing Council decision 19/1, annex.

<sup>6</sup> Governing Council decision SS.VII/1, annex.

<sup>7</sup> General Assembly resolution 55/2 of 8 September 2000.

<sup>8</sup> *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August–4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 1, annex.

51. UNEP is moving away from ad hoc fundraising in support of isolated priority projects to a systematic and strategic resource mobilization for long-term priority projects and programme activities. The key element in this strategy is a system of partnership agreements or similar arrangements. The principal aim of such agreements is to streamline and consolidate funding to UNEP priority activities within the programme approved by the Governing Council. Such agreements result in more predictable and stable funding and enable UNEP to better plan ahead while reducing time and resources spent on administration.

52. UNEP has developed partnership agreements with different formats and modalities with Norway, Belgium, Ireland and the Netherlands. The current agreements focus on implementation of UNEP priority programme and project activities in least developed and developing countries and strengthening developing countries' capacity to improve their environment and participate in global and regional environmental cooperation. UNEP is engaged in discussions with several other donor Governments that are considering entering into long-term partnership agreements with UNEP. All additional earmarked support is channeled toward programme priorities approved by the Governing Council and agreed upon between UNEP and various individual Governments during bilateral consultations.

#### **F. Greater mobilization of resources from the private sector and other major groups in accordance with applicable United Nations rules and procedures**

53. UNEP has mobilized additional contributions from various non-governmental sources, including non-earmarked payments to the Environment Fund and earmarked contributions in support of UNEP priority project and programme activities. The results are mixed and further efforts are called for.

54. It appears that a majority of non-governmental partners are not in favour of making non-earmarked contributions to the Environment Fund, as they consider it primarily a responsibility of the Governments of the United Nations Member States. The same approach was confirmed by Governments in the UNEP resource mobilization strategy considered at the twenty-first session of the Governing Council in 2001. The strategy document stated that "as UNEP is an intergovernmental organization, the bulk of its funding must comprise contributions from Governments".<sup>9</sup> On the other hand, the strategy emphasized that there was an urgent need to strengthen UNEP resource mobilization activities with non-governmental organizations, major groups, including private sector corporations, banks and small businesses, and non-profit organizations, foundations, service organizations and individuals who believe that UNEP is well placed to promote environmental protection and sustainable development.

55. In 2002–2003, the main effort in fundraising with the private sector and other major groups was made on stimulating co-financing of priority projects, leaving the main role in funding to donor Governments. Earmarked pledges and contributions were generated from the United Nations Foundation through the mechanism of the United Nations Fund for International Partnerships. In 2002–2003, a total of approximately \$11.3 million was raised from that source in support of various UNEP programme activities. Additional earmarked contributions were generated from more than 110 national and international private sector companies and other major groups for a total of more than \$2 million for the previous two years. Furthermore, non-earmarked contributions were also generated, and eight private sector donors and individuals paid approximately \$100,000 to the Environment Fund.

### **VI. Issues concerning multilateral environmental agreements**

56. A significant proportion of UNEP activities contribute to supporting the implementation of global and regional multilateral environmental agreements. This includes development of relevant instruments, provision of administrative support to convention secretariats, provision of advisory services or technical assistance to individual Parties (for example, in enhancing relevant national legislation or institutions and promoting scientific cooperation or good practice), project implementation support services, including

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<sup>9</sup> UNEP/GC.21/7/Add.1.

those funded through the Global Environment Facility, and awareness-raising among government officials and relevant stakeholders at the national, subregional or regional levels.

57. The Programme for the Development and Periodic Review of Environmental Law for the First Decade of the Twenty-first Century (Montevideo Programme III)<sup>10</sup> provides long-term strategic guidance for UNEP activities in the field of environmental law, identifying services and support to the implementation of existing multilateral environmental agreements as well as the direction for further development of such agreements.

58. Regarding the development of new international agreements in the field of the environment in recent years, UNEP provided assistance to Governments to conclude the ASEAN Agreement on Transboundary Haze Pollution, the Framework Convention for the Protection of the Marine Environment of the Caspian Sea and the Framework Convention on the Protection and Sustainable Development of the Carpathians. At the global level, UNEP, together with the Food and Agriculture Organization of the United Nations (FAO), convened further sessions of the Intergovernmental Negotiating Committee for an International Legally Binding Instrument for the Application of the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the Intergovernmental Negotiating Committee for an International Legally Binding Instrument for Implementing International Action on Certain Persistent Organic Pollutants to advance the objective set out in the Plan of Implementation of the World Summit on Sustainable Development regarding those conventions and to assist Governments to prepare for future meetings of the respective conferences of the parties.

59. UNEP has continued to support implementation of the regional seas conventions and protocols as well as related action plans. Most recent developments included the conclusion of the Framework Convention for the Protection of the Marine Environment of the Caspian Sea and the progress in the Northwest Pacific Action Plan. An overview of the contribution by UNEP in this field may be found on the internet at <http://www.unep.ch/seas>.

60. In pursuance of part II of Governing Council decision 22/17, UNEP has intensified its activities during 2002 to support the judiciary, particularly in developing countries and countries with economies in transition, by supporting capacity-building in environmental law, including existing multilateral environmental agreements and relevant norms and principles in the field of the environment.

61. UNEP has been striving to enhance complementarity and communication between conventions at the national level in areas such as capacity-building and reporting. The nine meetings convened by UNEP since March 1994 to provide a forum for convention secretariats to consider common areas of interest or concern highlight continuing UNEP efforts to identify programmatic synergies between the conventions and improve cooperation between convention secretariats and respective UNEP programmes.

62. UNEP, through WCMC, is facilitating pilot projects in four countries (Ghana, Indonesia, Panama and Seychelles) to test information management and harmonization concepts in the context of national reporting to global biodiversity-related conventions (the Convention on Biological Diversity, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Convention on the Conservation of Migratory Species of Wild Animals and the Convention on Wetlands of International Importance, Especially as Waterfowl Habitat). The special focus is on institutional coordination mechanisms and interlinkages at the national and international levels.

63. The Governing Council/Global Ministerial Environment Forum, in decision SS.VII/4, adopted voluntary guidelines on compliance with and enforcement of multilateral environmental agreements. This decision called upon the Executive Director to facilitate implementation of the guidelines and to advance capacity-building efforts in developing countries and countries with economies in transition. To implement this decision, UNEP has developed a draft training manual. UNEP is also holding a series of regional training workshops on compliance with and enforcement of multilateral environmental agreements. These workshops will be designed to facilitate feedback on the draft manual, which will be revised by the addition of regional annexes. UNEP has undertaken a major initiative to train customs

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<sup>10</sup> UNEP/Env.Law/4/4.

officials with the secretariats of multilateral environmental agreements that have trade provisions, such as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, CITES and the Montreal Protocol on Substances that Deplete the Ozone Layer, in cooperation with the World Customs Organization, at both the national and regional levels.

64. UNEP is launching a major project on achieving synergies between conventions in Africa. Funding for the project has been secured. Its objective will be implementation of the various activities mentioned in the World Summit on Sustainable Development recommendation on “improved coordination among and effectiveness of multilateral environmental agreements”. The project will be implemented in seven countries in sub-Saharan Africa, including two small island developing States.

65. UNEP is organizing a series of regional and subregional workshops aimed at promoting the coordinated national implementation of the Basel, Rotterdam and Stockholm Conventions. Implemented with the full support of the relevant secretariats, the workshops aim to provide a forum for the sharing of experiences and best practices, improve interaction among the national focal points of the three conventions and strengthen the Basel Convention regional centres. The first workshop in the series was held in Cotonou, Benin, in November 2002; the second took place in Pretoria, South Africa, in September 2003. At least three more are scheduled for 2004, starting with a Latin American workshop in January 2004. A separate series of national workshops aimed at raising general awareness of global and regional multilateral environmental agreements has started with events in Teslic, Bosnia and Herzegovina, in October 2002; and Tiranë, Albania, in December 2003. At least one more such workshop is planned for 2004.

66. UNEP has been addressing synergies and interlinkages among multilateral environmental agreements. In addition to the work of UNEP, there have been a number of pilot projects and other activities addressing synergies among multilateral environmental agreements in recent years, for example under the auspices of the United Nations University, as well as bilateral initiatives between the conventions themselves. In 2003, UNEP commissioned a synopsis of all relevant initiatives undertaken so far, which is being compiled by WCMC.

67. The above-mentioned activities have been developed and undertaken in consultation and coordination with the secretariats of the relevant conventions.

## VII. Environmental Management Group

68. The Environmental Management Group (EMG) was established by the Secretary-General of the United Nations for the purpose of enhancing inter-agency coordination in the field of environment and human settlements, in pursuance of General Assembly resolution 53/242 of 28 July 1999. General Assembly resolution 54/217 of 22 December 1999 on enhancing complementarities among international instruments related to environment and sustainable development also supported the proposal of the Secretary-General concerning the establishment of an environmental management group. Since its establishment, EMG has held consultations on selected specific issues including biodiversity-related reporting, the environmental aspects of fresh water, sanitation and human settlements, and has contributed as well to the work of intergovernmental processes such as that on international environmental governance.

69. In pursuance of decision SS.VII/1 and the Plan of Implementation of the World Summit on Sustainable Development, EMG was reinvigorated and made fully operational in mid-2003 with the establishment of its permanent secretariat in Geneva, Switzerland.

70. EMG has met several times to develop its new programme of work for the short- and medium-term, and has decided, among other things, intensively to address the outcomes of the World Summit on Sustainable Development and to focus on making practical contributions to the implementation of the sustainable development agenda in the areas of environment and human settlements.

71. The Group agreed that it should become an instrument for its members to share their views or concerns on issues of common interest, review progress, identify obstacles, set policy directions for the Group's work, and convey their views and recommendations to intergovernmental forums such as the Governing Council/Global Ministerial Environment Forum, the UN-HABITAT Governing Council and the Commission on Sustainable Development. In line with the spirit of the World Summit on Sustainable Development, EMG intends to involve in its work relevant stakeholders that have competence or expertise in the specific areas which EMG is to address.

72. In accordance with this overall approach and as one of its immediate areas of focus, EMG, in close consultation with the mechanism for inter-agency coordination on water resources (UN-Water), has undertaken a United Nations system-wide consultation on the implementation of the water agenda, with a focus on its environmental aspects, the results of which have been incorporated into document UNEP/GCSS.VIII/4 on water, sanitation and human settlements. In addition, EMG has produced an information document (UNEP/GCSS.VIII/INF/5) which provides an overview of the major United Nations activities in these areas and includes some recommendations for further joint action.

73. EMG has continued its work, through an issue management group, on the harmonization of national reporting for biodiversity-related conventions. The group has produced a report with recommendations on how to further promote the harmonization of national reporting. UNEP and other EMG members have agreed to promote implementation of these recommendations and review progress in early 2005.

74. As for its programme of work over the next two years, EMG is considering a number of thematic issues proposed by its members, such as a coordinated approach to capacity-building, changing unsustainable consumption and production patterns and green procurement.

75. In accordance with decision SS.VII/1, EMG will inform the Commission on Sustainable Development, the UN-HABITAT Governing Council and the conferences of parties to multilateral environmental agreements about its work. Through the Governing Council/Global Ministerial Environment Forum, the group will also report to the General Assembly as required by General Assembly resolution 58/209. Adequate resources to support its functioning and the possibility of financial contributions for specific activities will be required to enable EMG to realize its full potential. Further details of the work of EMG will be made available to the Council/Forum in document UNEP/GCSS.VIII/5/Add.2.

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