



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

Working Group on Integrated Water Resources Management

Nineteenth meeting

Working Group on Monitoring and Assessment

Nineteenth meeting

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Resources for the implementation of the programme of work

Note on the usefulness of a more predictable and sustainable funding mechanism of the Water Convention

Prepared by the Bureau with the support of the secretariat

Summary

In the past 32 years, the Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) has significantly advanced transboundary cooperation, climate action and promoted sustainable development. However, the fact that work under the Convention is mostly funded by extrabudgetary resources limits its efficiency and impact. The number of Parties increased over the years and will continue to increase, which is very appreciated, but entails also an increase in the work to be done.

Acknowledging the challenges related to financing, the Meeting of the Parties, at its ninth session, adopted targets for a more sustainable and predictable funding of the work under the Convention (ECE/MP.WAT/63/Add.2, Decision IX/3). Despite some general improvements since their adoption, the targets' indicators show that trends are not very positive.

In light of the above and following suggestions at the Conventions 30 years anniversary event (Tallinn, 30 June 2022), the Convention's Bureau discussed various options and agreed that a more predictable and sustainable funding mechanism of the Water Convention was necessary, including consideration of a mandatory contribution scheme. The present note was developed by the Bureau to explain the challenges of the current situation and propose a process towards a potential mechanism for future financial sustainability of the work under the Convention.

The Working Groups are invited to discuss the note and agree on future steps to be taken for a decision, to be adopted at the Meeting of the Parties during its tenth session (Ljubljana, 23-25 October 2024), defining the process to develop a proposal for a more predictable and sustainable funding mechanism for the Convention.

I. Background and explanatory information

A. Importance of financing the programme of work of the Water Convention

1. With increasing climate change impacts and other pressures on limited water resources, sustainable water management and transboundary water cooperation are becoming increasingly critical for sustainable development, climate action, peace, and regional integration, as recognized - among others - at the 2023 United Nations

Water conference. The Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) is playing a crucial role in this regard.

2. While only 26 countries worldwide have all their transboundary waters covered by operational arrangements for water cooperation according to the third reporting exercise on the SDG indicator 6.5.2 on transboundary water cooperation in 2023-2024, 20 of them are Parties to the Convention. This clearly shows the impact of the Water Convention. Around 100 transboundary water cooperation agreements have been signed since the entry into force of the Water Convention in 1996. More than 6000 experts were trained on international water law, water management, climate change adaptation, the nexus approach, dam safety and other areas through the capacity-building activities under the Water Convention. 130 countries participate in meetings and activities of the Convention.

3. Numerous direct and indirect benefits are derived by Parties from the programmes of work of the Water Convention which give good reason for its financing: countries benefit from capacity-building in various technical areas and from the exchange of experience offered by the Convention's intergovernmental framework, the legal, technical and policy advice provided by the Implementation Committee and the secretariat, the different intergovernmental bodies, global, regional and national workshops, the wealth of more than 50 publications, guidance materials and tools developed under the Convention, as well as a broad spectrum of in-country support in various technical domains. The intergovernmental framework and meetings of the Water Convention also provide numerous opportunities for networking, establishment of new partnerships, donor relations and potentially fundraising, among many other indirect benefits.

4. In 2016, the Water Convention has been opened for accession to all United Nations Member States, following the entry into force of the amendments adopted in 2003 by the Meeting of the Parties. Since 2016, 11 countries from outside the Pan-European region have acceded to the Convention, bringing the total number of Parties to 52, as of April 2024. In addition, more than 20 countries are in the process of joining the Convention, including 6 where the accession has already been approved by the council of ministers.

5. Reflecting growing needs and requests by a growing number of Parties, activities and programme areas under the Convention have expanded over the years covering for 2022-2024 7 programme areas encompassing 15 sub-programme areas, ranging from climate change adaptation to financing transboundary water cooperation. In addition, an Implementation Committee and a reporting mechanism were introduced by the Meeting of the Parties, respectively in 2012 and in 2015.

6. Relying mostly on voluntary extrabudgetary contribution which are not predictable and require extensive fundraising efforts has become a limitation for the timeliness, efficiency and impact of the programme of work implementation. The globalization and increasing number of Parties of the Water Convention as well as expanded number of activities makes a more sustainable, adequate and predictable financing crucial for the future of the Convention, as also recognized by participants of its 30th anniversary event (Tallinn, 30 June 2022). This is key for the effective implementation of decisions of the Meeting of the Parties, the continuity of Convention activities and the efficient planning of processes, as well as for attracting and keeping qualified staff in the secretariat.

B. Current funding situation of the Water Convention and progress on the targets for a more sustainable and predictable funding of the work under the Convention

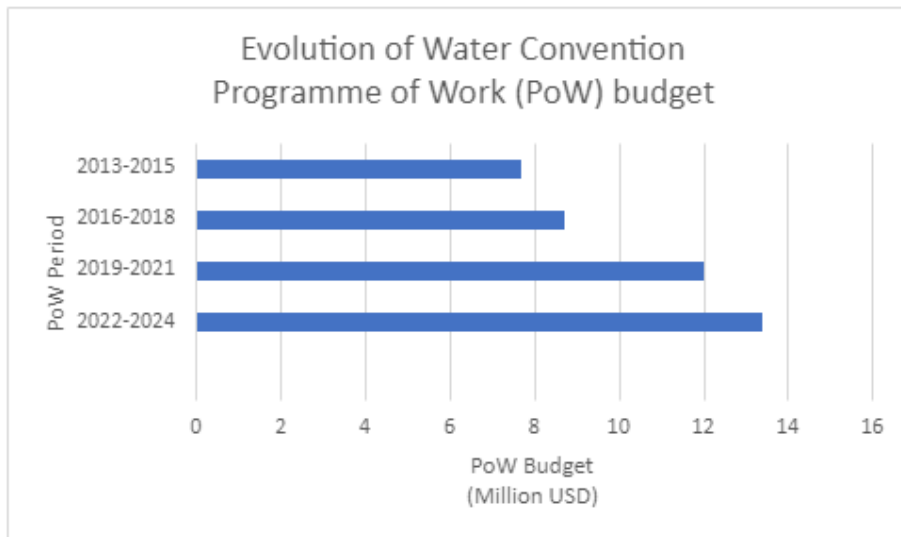
7. The Water Convention, whose secretariat is hosted by the United Nations Economic Commission for Europe, benefits from some limited resources from the United Nations regular budget: this include essentially three permanent staff member positions in the secretariat, costs for approximately 3 publications per year, costs

related to the translation and publication of a limited number of official documents, as well as costs of holding a limited number of official meetings, including interpretation into French and Russian (costs for Spanish and Arabic interpretation need to be covered from extrabudgetary resources). However, this represents only a small part of the overall budget.

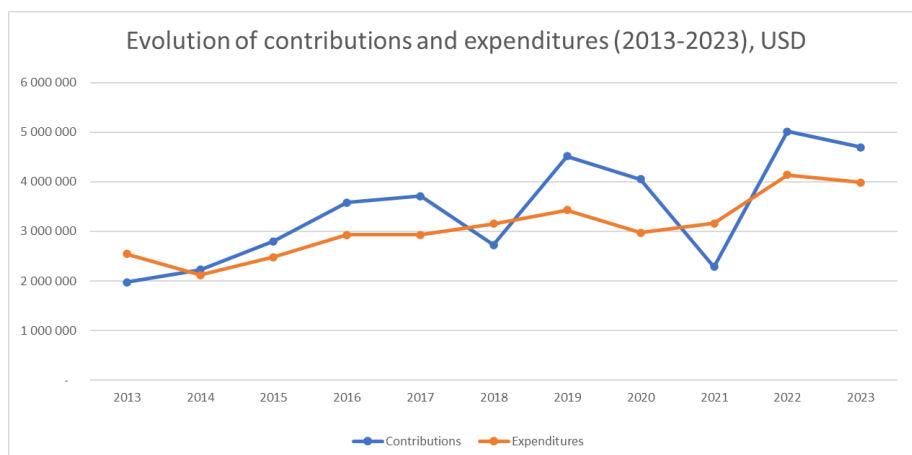
8. All other costs, the large majority, are covered from extrabudgetary resources. In addition, over the years, the UN regular budget for UNECE has progressively decreased, for example office costs now need to be paid separately from extrabudgetary resources as well as services by the United Nations Office in Geneva. It is not unlikely that in the future, certain Convention's costs which are now covered from the UN regular budget will need to be covered from extrabudgetary contributions.

9. In addition, some Parties provide valuable in-kind contributions (e.g. through the provision of Junior Professional Officers and hosting Convention meetings and workshops).

10. The Parties commit to financing the programme of work when adopting it and its budget every three years.¹As shown in the graph below, the programme of work budget has almost doubled between 2013 and 2024.



11. Similarly, in the last ten years, both contributions and expenditures have significantly increased as it can be seen in the figure below. In some years, expenditures exceeded contributions, which shows the need for a reserve. The figures for 2023 are provisional.



¹ See ECE/MP.WAT/54, para. 103 (g), and Add.1.

12. Overall financial support by Parties has therefore increased over the years and the Bureau and the secretariat are very grateful for all contributions received. However, the fact that the Convention is financed mainly through voluntary contributions by Parties, which are by nature subject to discretionary decisions by governments of Parties, pose significant challenges.

13 First of all, the burden of supporting the Convention's activities is not fairly shared. Only slightly more than a third of all Parties currently contribute financially to the trust fund (19 out of 52 Parties in 2023). In 2022-2024, a large part of the Convention budget has been covered by a few main donors.

14. Secondly, raising and managing voluntary contribution is very time consuming and detracts time and resources to the actual support of the programme of work implementation. For instance, as some contributions are earmarked for specific activities or projects, and this may entail additional administrative procedures, adding workload to the secretariat staff. For instance, in addition to preparing standard regular reporting to the Meeting of the Parties, Working Group on Integrated Water Resources Management and the Bureau, the secretariat needs to prepare dedicated reporting for earmarked contributions. The secretariat also needs to invest significant time and resources to raise funds for the implementation of the programme of work, including by preparing project proposals and fulfilling associated administrative requirements (agreements and reporting). For example, in the period 2022-April 2024, more than 20 fundraising proposals were prepared by the secretariat, and more than one quarter of them was finally not funded.

15. Acknowledging these challenges, the Meeting of the Parties, at its ninth session, adopted targets for a more sustainable and predictable funding of the work under the Water Convention (ECE/MP.WAT/63/Add.2, Decision IX/3). It also entrusted the Working Group on IWRM to review regularly progress in the progress towards the targets and decided to review the targets, in the light of the progress achieved, at its tenth session.

16. Below are presented preliminary numbers for 2022-2023 for progress towards the targets. Despite some general improvements since their adoption, the targets' indicators for the period 2022-2023 show that trends are not very positive:

- **Target 1 adopted in 2021:** By 2024, at least 50% and by 2030, at least 66% of all Parties finance the Programme of work.

Baseline (2016-2018): 38%

Present (2022-2023): 36%

Developments since the adoption of the target: Since the baseline, period the number of Parties to the Convention increased by 10 while the number of Parties financing the Programme of work increased only by 2. Therefore, the percentage of Parties financing the Programme of work is still far from the target of 50% by 2024. In fact, **the number of Parties contributing decreased by 2% in comparison with the baseline period.**

- **Target 2 adopted in 2021:** By 2024, 50% and by 2030, 66% of all Parties contribute regularly to the Programme of work implementation.

Baseline (2016-2018): 26%

Present (2022-2023): 28%

Developments since the adoption of the target: An increase of 2% has been recorded for this indicator between the baseline period and the current one. The target of 50% of all Parties contributing regularly to the Programme of work implementation by 2024 is still far to reach.

- **Target 3 adopted in 2021:** By 2024, 50% and by 2030, 66% of all contributions are unearmarked and do not require individual reports.

Baseline (2016-2018): 17%

Present (2022-2023): 52%

Developments since the adoption of the target: On a more positive note, there has been a substantial increase of the number of unearmarked

contribution compared with the baseline period (+35%), so this target has been met. However, the amount of contributions not requiring reports correspond to less than one third of the total contributions received for the current reference period.

17. Thus, overall, while for one indicator the target has been met, one is still far from its target and for the first, most important target, the percentage has even gone down. Thus, it is very likely that the targets will not be met by the first deadline of 2024.

C. Comparison with other global Multilateral Environmental agreements

18. All main global multilateral environmental agreements (MEAs) have a mandatory contribution scheme, such as the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity (CBD), the UN Convention to Combat Desertification (UNCCD), the Ramsar Convention, the Convention on Migratory Species (CMS), the chemicals conventions. Recent MEAs adopted in the last years such as the Minamata Convention also have a mandatory contribution scheme.

19. Moreover, some of these conventions distinguish a core budget, financed from mandatory contributions, and a non-core budget, financed from additional extrabudgetary resources. The scale of contribution to the core budget is usually based on the UN Scale of assessment².

20. Following a similar logic, countries usually pay mandatory contributions for the basin organizations they are part of. This is for instance the case for the International commission for the protection of the Danube River, the Senegal Basin Development Organization, the Lake Chad Basin Commission or the Mekong River commission.

II. Proposed way forward and possible decision by the Working Groups

21. In consideration of the above, the Bureau proposes to prepare a draft decision for adoption by the Meeting of the Parties at its tenth session defining the process to develop a proposal for a more predictable and sustainable funding mechanism for the Water Convention, based on mandatory contributions. Such proposal should be prepared for the eleventh session of the Meeting of the Parties in 2027. It is envisaged that such process would entail the creation of an open-ended group to develop the proposal in 2025-2027. The draft decision would be prepared based on comments received during the Working Groups discussion and be made available as an official document for the tenth session of the Meeting of the Parties (Ljubljana, 23-25 October 2024).

Possible decision by the Working Groups:

The Working Groups entrust the Bureau to develop a draft decision defining a process towards a more sustainable and predictable financing mechanism of the Water Convention's work, entailing a mandatory financing scheme for consideration by the Meeting of the Parties at its tenth session (Ljubljana, 23-25 October 2024). Such decision should include the establishment of an open-ended financing group mandated to prepare the proposal for the financing mechanism, including a mandatory contribution scheme, for consideration and possible adoption at the eleventh session of the Meeting of the Parties to the Water Convention in 2027.

² The UN's regular budget is financed by Member States. The formula that determines how much each country contributes to the UN regular budget is called scale of assessments. The formula is based on countries' economic capacity, and it is prepared strictly on the basis of reliable, verifiable and comparable data. The scale is revised and adopted every three years. By its resolution 76/238 of 24 December 2021, the General Assembly adopted the scale of assessments for the contributions of Member States to the regular budget of the United Nations for 2022, 2023, and 2024.