

FINANCIAL ARRANGEMENTS OF REGIONAL/SUBREGIONAL ENVIRONMENTAL COOPERATION ORGANIZATIONS/PROGRAMS

I. Introduction

1. This document was prepared by the Institute for Global Environmental Strategy (IGES), following its offer to provide a background paper regarding analysis of financial arrangements of several regional/subregional environmental cooperation organizations/programmes. The document covers information on (i) Northeast Asian Conference on Environmental Cooperation (NEAC), (ii) North-East Asian Subregional Programme on Environmental Cooperation (NEASPEC), (iii) Northwest Pacific Action Plan(NOWPAP), (iv) Asia-Pacific Network for Global Change Research (APN), (v) ASEAN Strategic Plan of Action, (vi) Male Declaration on Control and Prevention of Air Pollution and its Likely Transboundary Effects for South Asia, (vii) SACEP's Strategy and Programme, and (viii) Cooperative Programme for Monitoring and Evaluation of the Long-Range Transmission of Air Pollutants in Europe (EMEP-LRTAP).

II. Northeast Asian Conference on Environmental Cooperation (NEAC)

Summary:

2. NEAC is a meeting of government officials of environment ministries/agencies from five countries in Northeast Asia, i.e. China, Japan, Mongolia, Republic of Korea and Russian Federation. The purpose of NEAC is to exchange information, share experiences and discuss actions to be taken in the future, including exploring possible regional cooperation among five countries.

Brief History:

3. The origins of multilateral cooperation in Northeast Asia can be traced back to the year 1988 when the Japan-Korea Environmental Symposium was held. The symposium was co-hosted by the respective environmental agencies in Japan and South Korea. UNEP cooperated, China participated, and former Soviet Union and Mongolia attended as observers. It thus developed into a forum for exchanging information and exploring the possibilities for regional cooperation between the five countries.

4. The Rio Summit in 1992 raised the desire to further develop the framework provided by the symposium, and the Japanese Environment Agency soon hosted the Northeast Asian Conference on Environmental Cooperation (NEAC).
5. The NEAC provided government organizations associated with the environment from five countries in Northeast Asia including Japan, Republic of Korea, China, Mongolia and Russia and international organizations such as UNEP and UN/ESCAP with the chance to meet every year. Researchers, local government officials and representatives of NGOs have been also invited to the conference.
6. Before the NEAC, cooperative programs undertaken on bilateral bases were run one at a time, usually by some type of joint committee. There existed no comprehensive framework for multilateral cooperation. Thus, the NEAC was organized as a forum for exchanging information from these individual programs undertaken by various countries. Japan, Republic of Korea and China have hosted NEAC in turn, and Mongolia also hosted the ninth meeting for the first time in 2000.

Source: IGES (2001) Regional/Subregional Environmental Cooperation in Asia

Financial Arrangement:

7. The conference itself does not create any projects or program-oriented activities. In principal, the host country of the conference bears the cost of the conference including travels costs. (When Mongolia hosted the conference, Ministry of the Environment of Japan supported financially.)

III. North-East Asian Subregional Programme on Environmental Cooperation (NEASPEC)

Summary:

8. The establishment of NEASPEC was agreed at the first Meeting of Senior Officials of Environmental Cooperation in North-East Asia (SOM) in 1993. The senior officials meeting is held every year or every two years to decide on program activities and acts as the governing body for NEASPEC. Six countries in Northeast Asia are involved in NEASPEC, i.e. China, Democratic People's Republic of Korea, Japan, Mongolia, Republic of Korea and Russia.

9. The 3rd SOM held in 1996 adopted “the NEASPEC framework” and reached agreement on basic structures and activities.
10. NEASPEC is the only comprehensive environmental program in Northeast Asia.

Brief History:

11. Recognizing that there was little environmental cooperation but informal subregional talks in Northeast Asia, ESCAP responded the Agenda 21 and began to undertake initiative of facilitating the cooperation in the subregion and resulted in the 1st Meeting of Senior Officials (SOM1) on environment in Seoul, 1993. The meeting was attended by the senior officials from countries of Northeast Asia; namely China, Japan, Mongolia, Republic of Korea and Russia and representatives from ESCAP, UNEP, UNDP, and ADB. The major issue discussed was the modalities and scope of their cooperation on environmental issues (UN/ESCAP, 1998a).
12. The result of SOM1 was publication of a recommendation to initiate a NEASPEC, in which priority areas were identified. The meeting also agreed to continue consultations on the Programme framework through their diplomatic channels. ESCAP was requested to continue to provide professional and secretariat support for furthering the activities of regional cooperation till an appropriate time comes for establishment of a formal institutional arrangement (UN/ESCAP, 1999a).
13. The 2nd Meeting of Senior Officials (SOM2), held in Beijing in November 1994, with additional participation of DPRK, decided to draft a Framework for NEASPEC. It also furthered to elaborate the Programme by adopting five priority projects for implementation. The 3rd Meeting of Senior Officials (SOM3), held in Ulaanbaatar in September 1996, opened a new stage of the cooperation by adopting “Framework for the Northeast Asian Subregional Programme on Environmental Cooperation.
14. According to the Framework, the scope of participating countries identified include six participating subregional states, but other parties and relevant institutions that have interest and commitment to furthering cooperation in Northeast Asia may be invited to join in the Programme activities and provide financial support, as appropriate. International organizations including ESCAP, UNEP, UNDP, ADB, and the World Bank was required to provide professional, financial and technical support for furthering the activities of the program (UN/ESCAP, 199-).

15. The objectives were to promote subregional environmental cooperation and sustainable development. It was clarified that activities under the program are aimed at strengthening their relevant technological and managerial capabilities in environmental management efforts through subregional cooperation.
16. Some important issues, such as institutional arrangement and financial mechanisms, remained provisional. The participants of the SOM 3 shared the feelings that they should not rush to develop solid framework to improve NEASPEC structure, but should take step-by-step approach.
17. Right after the adoption of the Framework, a Technical Assistance (TA) project was developed and implemented, with financial assistance of ADB together with additional contributions from ESCAP and the participating countries. The 4th Meeting of Senior Officials (SOM 4) decided to develop the follow-up TA project. In parallel, SOM 4 and the following 5th Meeting of Senior Officials (SOM 5) have continued to consider and discuss about institutional and financial mechanisms for NEASPEC after the interim period ends. At the 6th SOM, held in Seoul, 2000, the member states agreed to create a core fund for NEASPEC.

Source: IGES (2001) Regional/Subregional Environmental Cooperation in Asia

Financial Arrangement:

18. Several fundamental projects on energy and air pollution have been implemented by ADB financial aid (Technical Assistance project). UNEP, ESCAP and UNDP also contributed financially.
19. Establishment of a core fund was agreed upon in March 2000 at the 6th SOM, to which participating countries make voluntary contribution for promoting subregional environmental cooperation.

Financial arrangement in details

According to the Framework for NEASPEC, as adopted in 1996, financial support for the activities of NEASPEC was expected to come from the following sources: (a) voluntary contributions from the Participating Parties in cash or in kind or both; (b) collaborating agencies on a project-funding basis; (c) contributions from bilateral and multilateral donors; (d) private sector on a project-funding basis; and (e) other contributions.

Accordingly, organization cost of annual SOM were provided by UNDP or voluntarily contributed by host countries in principle, and project implementation cost was mainly provided by ADB (especially from the Japan Special Fund).

Also, Japan and South Korea provided wide-ranged assistance through their cooperation funds with ESCAP and on a voluntary basis for the NEASPEC activities.

SOM5 agreed that there is a need for NEASPEC to elaborate on financial arrangements. Thereafter, the ESCAP Secretariat worked on a paper, suggesting a creation of a new financial mechanism called “Northeast Asia Environmental Cooperation Fund (NEAECF)” to attract sizeable funding support from different sources, including the participating governments as well as other donor participating countries. As for the level of contributions of the participating governments, the ESCAP Secretariat suggested three options. They are: **(i) All the participating governments should contribute to the NEACEF according to the United Nations scale of assessment agreed upon by the General Assembly of the United Nations;** **(ii) A fixed percentage of the NEAECF’s (such as 60 percent) should be covered by the participating governments at equal shares. The remaining percentage (such as 40 percent) should be contributed according to the United Nations assessment scale;** and **(iii) All participating governments contribute on a voluntary basis.**

Although other possible ways were also presented, SOM5 did not reach on any consensus on the issue, since divergent views were expressed by participating countries. ESCAP secretariat was requested to further elaborate options and alternatives for financial arrangements for consideration at SOM6.

Thereafter, at the Expert Group Meeting held in Seoul, November 1999, ESCAP proposed establishment of a core fund based on voluntary contribution. The meeting concluded that the core fund would function as a seed to attract additional funding from different donors, and should be further developed as early as possible to enhance effectiveness of NEASPEC activities. Also the meeting recommended that the senior officials might consider a non-binding formula as guidelines for contribution (UN/ESCAP, 1999c). The recommendations raised by the Expert Meeting were brought to SOM6 in March 2000.

The SOM6 agreed on an establishment of a “core fund for North-East Asian Environmental Cooperation,” to which one or more participating countries make voluntary contribution for promoting subregional environmental cooperation. The fund is expected to be utilized for projects adopted by SOMs. At SOM6, Republic of Korea expressed its voluntary contribution of US\$ 100,000 to the core fund.

Source: IGES (2001) Regional/Subregional Environmental Cooperation in Asia

Contribution to a core fund		(US\$)	
	2000	2001	2002
Republic of Korea	100,000	100,000	100,000
Japan		100,000 (paid)	72,000 (pledged)

IV. Northwest Pacific Action Plan (NOWPAP)

Summary:

20. It is under the purview of the Action Plan for the Protection, Management and Development of the Marine and Coastal Environment of the Northwest Pacific Region - Northwest Pacific Action plan (NOWPAP). Five Northeast Asian marine states participate in NOWPAP; namely China, Democratic People’s Republic of Korea, Japan, Republic of Korea and Russia. Intergovernmental Meeting is the decision making body of NOWPAP.

Brief History:

21. The Action Plan for the Protection, Management and Development of the Marine and Coastal Environment of the Northwest Pacific Region (NOWPAP) and three supporting Resolutions were adopted at the First Intergovernmental Meeting (Seoul, Republic of Korea, September 1994). The Second Intergovernmental Meeting, held in Tokyo in November 1996, decided on the geographical scope of NOWPAP and approved a workplan and budget for the 1997/1998 biennium. However, it was decided that further Trust Fund arrangements and establishment of a Regional Coordinating Unit (RCU) would be discussed at a later date.

22. The Third Intergovernmental Meeting, held in Vladivostok, Russia in April 1998, reviewed progress on the implementation by the United Nations Environment Programme (UNEP) in cooperation with other international agencies, of five priority projects in the workplan, and decided on the procedure for the establishment of a network of Regional Activity Centres.
23. The Fourth Intergovernmental Meeting, held in Beijing, China in April 1999, adopted a workplan and budget for the 1999-2000 biennium. It decided on the need to establish a Regional Coordinating Unit (RCU), and requested the Executive Director of UNEP to prepare a proposal for its creation for the consideration of the Fifth Intergovernmental Meeting.
24. The Fifth Intergovernmental Meeting, held at Incheon, Republic of Korea in March 2000, further reviewed progress in the implementation of NOWPAP in the 1999-2000 biennium. Three resolutions were adopted in the meeting. Resolution 1 on programme implementation approved a workplan and budget for the rescheduled 2000-2001 biennium. Resolution 2 on institutional arrangements adopted a procedure for the establishment of the NOWPAP RCU as well as its terms of reference. In Resolution 3, the Member States adopted financial arrangements for the implementation of NOWPAP in 2000-2001, including the budget and tentative scale of contributions. The Sixth Intergovernmental Meeting, held at Tokyo, in December 2000, reached basic agreement that Japan and the Republic of Korea co-host a single RCU in two locations.

(Source: UNEP/NOWPAP IG.6/8 December 2000)

Financial Arrangement:

25. Participating countries agreed to establish NOWPAP Trust Fund, with contributions to be made on an annual basis, which is administered by UNEP. The interim proposal states that the annual target of contribution should be US\$500,000. It also delineates that contribution from each country be composed of a basic and an additional contribution. For 2000, the scale of contribution to the NOWPAP Trust Fund was shown below.

COUNTRY	BASIC	ADDITIONAL	TOTAL (US\$)
Japan	5	20	125,000
China	5	3	40,000
Republic of Korea	5	15	100,000
Russia	5	5	50,000
Total	20	43	315,000

V. Asia-Pacific Network for Global Change Research (APN)

Summary:

26. APN was established in 1995 for the purpose of strengthening links between scientific community and policy makers in the Asia-Pacific region. Intergovernmental Meeting is the decision making body of APN. APN is promoting, encouraging and supporting research on long-term change in the earth's climate, ocean and terrestrial systems

Financial Arrangement:

27. Financial resource largely depends on Japan's contribution. Some financial contribution comes from USNSF. APN also encourages in-kind contribution, such as hosting meetings.

1. APN Funding Structure (in detail)

(a) Administrative Funds

Administrative funds are defined as funding received from governmental and other sources for purposes of funding the administration of APN Secretariat activities. These include but are not limited to the holding of Inter-Governmental Meetings and Scientific Planning Group Meetings, salaries and travel costs of Secretariat staff, and other administrative expenses such as copying, communications, stationery, etc., and the commissioning of studies or activities necessary to implement decisions of the IGM or the Steering Group.

An APN Administrative Contingency Fund is to be maintained in the amount of 10% to 15% of the total Administrative budget. Use of the APN Administrative Contingency Fund will be at the discretion of the Director of the APN Secretariat, taking into account discussion of the IGM and SPG.

(b) APN Project Funds

APN Project Funds are allocated to specific projects in amounts decided at the Inter-Governmental Meeting, based on input from the APN Scientific Planning Group. Detailed guidelines on how to apply for APN funding, are given "Call for proposals 2002" and "Guide for Proponents".

An APN Project Contingency Fund of 10% to 15% of the total APN Project Funds is to be maintained in order to provide for event arising after decisions are made at the IGM. Use of the APN Project Contingency Fund will be at the discretion of the Director of the APN Secretariat, talking into account discussion of the IGM and SPG.

(c) Special Funds and Arrangements

An account may be maintained for special funds to be used for APN purposes, but require separate arrangements because of the terms on which they are made available. The Secretariat may also develop arrangements with contributors, in respect of the disposition and management of contributed funds.

2. In-kind Support

APN encourages in-kind support from national and regional governments and institutions. This can include provision of equipment, staff, and space for research projects, workshops, and meetings; costs for printing and distribution of reports; provision of informational materials; or receptions at APN events. In-kind Support is particularly important in the hosting of Inter-Governmental Meetings and Scientific Planning Group meetings.

Source: <http://www.apn.gr.jp/about08.htm>

VI. ASEAN Strategic Plan of Action (adopted at ASEAN Ministerial Meeting on the Environment (AMME))

Financial Arrangement:

Recognizing that insufficient funds to support the various ASEAN environmental programs and plans has consistently afflicted the progress of ASEAN environmental cooperation, the strategic plan of action suggests exploring both internal and external funding to diminish financial uncertainty.

There has been little progress in that regard, however. ASEAN has mostly relied on external financial support for implementing its environmental activities/projects. Those funds have been provided mostly on a project-by-project basis. Much of such funding comes from international organizations such as UNEP, UNDP, GEF, ADB and the World Bank according to the donor's preference. UNEP has funded many workshops, seminars study tours and training programs. UNDP supported projects on transboundary pollution problems and environmental education.

Australia, Canada, USA and New Zealand have provided financial support to ASEAN on bilateral bases. Australian assistance was provided to projects related to environmental management and marine environment, while U.S. focused on funding projects on environmental management. New Zealand has assisted projects pertaining to transboundary pollution.

The result was that a number of project proposals that require external funding have not been carried out. Some implemented and completed projects with external funds have also fallen short of the initial goals. One big reason is that percentages of funds by external donors against the total contribution to the programs/projects have been low. For instance, Australia accounts for 5%; USA, 9%; and UNDP, 12%. Thus, ASEAN expects the donor agencies to raise the contribution percentage, whereas some of them have also expressed the need for ASEAN countries to increase their own contribution to collaborative projects through cost-sharing or co-financing schemes.

Source: IGES (2001)/ ASEAN official documents

VII. ASEAN Regional Haze Action Plan (RHAP)

Financial Arrangement:

A US\$ 1 million Regional Technical Assistance (RETA) project for the year from April 1998, backed by the ADB, helped get the RHAP off the ground. Since the RETA was completed, there have been no consistent funding mechanisms within the ASEAN for implementing the RHAP.

Yet, the RETA management team, following the Coordination and Support Unit (CSU), devoted a great deal of energy to attracting and coordinating external funding for RHAP activities. Each ASEAN country has also called to a number of donor agencies and countries for technical and financial assistance.

Large amounts of funds have gone to ASEAN and its member states -- particularly to Indonesia - - on both bilateral and multilateral bases since the haze disaster drew worldwide attention. Donors include the ADB, UNEP, GEF, Australia, the U.S., Canada, France, Germany, and Japan.

Source: IGES (2001)/ ASEAN official documents

VIII. Malé Declaration on Control and Prevention of Air Pollution and its Likely Transboundary Effects for South Asia

Summary:

28. In March 1998, senior government officials in South Asian countries and experts on air pollution met at the Asian Institute of Technology, Bangkok, and agreed on a draft Declaration. In April 1998, the Malé Declaration on Control and Prevention of Air Pollution and its Likely Transboundary Effects for South Asia was discussed and adopted by Ministers of the Environment at the seventh meeting of the Governing Council of South Asia Cooperative Environment Programme (SACEP) in Male, Maldives. Bangladesh, Bhutan, India, Iran, Maldives, Nepal, Pakistan and Sri Lanka are participating countries.
29. Implementation of Malé Declaration aims to build the regional cooperation and national capacities in addressing the issue of transboundary air pollution.

Financial Arrangements:

30. The Swedish International Cooperation Development Agency (Sida), provided financial support for the conceptualization of Malé Declaration and Implementation of Phase I activities as part of the Regional Air Pollution in Developing Countries (RAPIDC) programme. Phase II implementation which started in February 2002 is also being funded by Sida. UNEP RRC.AP and SACEP provide the in-kind contributions from the conceptualization of the Declaration. At the national level, National Focal Points and National Implementing Agencies provide in-kind contributions for the implementation of Malé Declaration.

IX. SACEP's Strategy and Programme

Financial Arrangement:

Among the major obstacles of managing SACEP is insufficient fund to support the various SACEP programs and plans. SACEP has mostly relied on external financial support for developing and implementing its environmental activities. These funds have been provided mostly to support a single field.

Much funding comes from international organizations such as UNEP, UNDP, GEF, ADB and the World Bank and is directed according to the donor's preference. On a bilateral basis, Norway (in particular, the Norwegian Agency of Development Cooperation, or NORAD), the Netherlands, Sweden and U.S. are among the major donors to provide financial support to SACEP. This external funding is, unfortunately, insufficient to carry out the all planned activities of SACEP.

Source: IGES (2001), SACEP official documents

X. Cooperative Programme for Monitoring and Evaluation of the Long-Range Transmission of Air Pollutants in Europe (EMEP-LRTAP)

31. The LRTAP Convention was agreed upon in 1979. Protocols on 30% reduction of sulfur emission and on NOx emission control were adopted in 1984 and 1988 respectively as the first step.
32. EMEP has three main components: collection of emission data for SO₂, NO_x, VOCs and other air pollutants; measurement of air and precipitation quality; and modelling of atmospheric dispersion. At present, about 100 monitoring stations in 24 ECE countries participate in the programme.

STATUS OF THE TRUST FUND, CONTRIBUTIONS IN KIND AND EXTRABUDGETARY CONTRIBUTIONS

The contributions paid by the Parties to the Convention for the long-term financing of EMEP include both the mandatory contributions by the Parties to the EMEP Protocol within the geographic scope of EMEP and voluntary contributions by Canada and the United States, as Parties outside the geographic scope of EMEP. The Protocol on the Long-term Financing of the Cooperative Programme for Monitoring and Evaluation of Long-range Transboundary Air Pollution (EMEP) had 38 Parties as of 28 September 2001.

The Protocol to the Convention on Long-range Transboundary Air Pollution on the Financing of the Co-operative Programme for Monitoring and Evaluation of the Long-range Transmission of Air Pollutants in Europe (EMEP) entered into force in 1988. Thirty-four ECE countries and the European Community are currently Parties to this Protocol. It is an instrument for international cost-sharing of a monitoring programme which forms the backbone for review and assessment of relevant air pollution in Europe in the light of agreements on emission reduction.

The Executive Body (to the Convention) decides to set the totals of the EMEP budgets and to calculate the mandatory contributions according to the United Nations scale of assessments.

With regard to the mandatory contributions in kind, in 2000 only Belarus contributed in kind to the work of the Meteorological Synthesizing Centre-East (MSC-E). All other Parties have agreed to pay their contributions in cash.

Voluntary contributions directly to the centres have been allocated over several years. In 2000, the Meteorological Synthesizing Centre-West (MSC-W) received the equivalent of US\$ 857,930 from Norway, either directly from the Norwegian Meteorological Institute or through European Community or Nordic projects. In 2000, the Chemical Coordinating Centre (CCC) received the equivalent of US\$ 264,600 from its host institution, the Norwegian Institute for Air Research (NILU).

According to the payment records communicated to the secretariat by 28 September 2001, the total arrears in cash and in kind from 1991 to 2000 stand at US\$ 909,659, of which US\$ 283,445 outstanding payments in cash.

Source: EB.AIR/2001/7 1 October 2001

“FINANCIAL REQUIREMENTS FOR THE IMPLEMENTATION OF THE COOPERATIVE PROGRAMME FOR MONITORING AND EVALUATION OF THE LONG-RANGE TRANSMISSION OF AIR POLLUTANTS IN EUROPE (EMEP)”