

UNITED NATIONS ENVIRONMENT PROGRAMME
(UNEP)

EVALUATION AND OVERSIGHT UNIT

MANAGEMENT STUDY ON TRUST FUNDS
AND
COUNTERPART CONTRIBUTIONS

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FOREWORD

The subject of trust funds and counterpart contributions, seen from the perspective of the sources of financing of the United Nations Environment Programme (UNEP), and of their impact on the work of the organization, touches upon every aspect of UNEP. All the various elements could not be developed in full, however, because of the limits imposed on the management study.

The readership to whom the report is addressed is also very varied. What may appear obvious or oversimplified to a specialist in administration, may be found useful by senior management or by members of delegations that need to grasp the essentials of the complex UNEP system of programming and administration.

The purpose of the study was not to describe, but rather to present data on the basis of which the current status of trust funds could be assessed, the difficulties appreciated, and ways proposed to enhance the use of extrabudgetary resources in conformity with the wishes of the Governing Council.

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LIST OF ACRONYMS AND ABBREVIATIONS

CITES	Convention on International Trade in Endangered Species of Wild Flora and Fauna
CMS	Convention on Conservation of Migratory Species of Wild Animals
ECB	Environment Coordination Board
GEF	Global Environment Facility
MASC	Management and Administrative Support Costs
MEDU	Mediterranean Action Plan Coordinating Unit
PDF	Project Preparation Development Facility
STAP	Scientific and Technical Advisory Panel
UNON	United Nations Office at Nairobi

EXECUTIVE SUMMARY

A. MAIN FINDINGS OF THE STUDY

1. Trust funds overtook the Environment Fund as the primary source of financing of the United Nations Environment Programme (UNEP) in the period 1998-1999, but this fact was not recognized as a significant turning point. Hence the reason for undertaking the present evaluation exercise.
2. The Governing Council has been showing increasing unease at this creeping change in funding which is progressively reducing the area of UNEP activities over which the Council has direct control, transforming the Environment Fund more and more into the UNEP budget instead of the funding mechanism for worldwide activities.
3. The General Assembly envisioned that the United Nations regular budget should cover the provision of general policy guidance for the direction and management of environmental programmes, UNEP's role as focal point for environmental action and coordination within the United Nations system. The Environment Fund was meant to provide additional financing for environmental programmes and for new environmental initiatives within the United Nations system. Extrabudgetary resources, such as trust funds and counterpart contributions were to supplement the substantive work programme of the organization, consistent with its objectives, policies, overall priorities and procedures.
4. Over the years, however, the above financing orientation has gradually changed. The United Nations regular budget is no longer adequate for the core functions of the UNEP secretariat. The Environment Fund is now financing most of the functions of the secretariat. The posts carried by the regular budget as of 2000-2001 (the Executive Director plus three Professionals) do not add up to the small core secretariat the General Assembly is obliged to finance by resolution 2997 (XXVII) of 15 December 1972. The other posts under section 12 C of the budget represent the UNEP programme of work.
5. Consequently, staff recruited under trust funds now represent over 47 per cent of the secretariat and the hierarchy of sources of financing has become ill-defined. The Environment Fund, meant for new initiatives in the United Nations system, finances policy-making functions in the secretariat. Trust funds, meant to supplement the Environment Fund, finance key substantive functions.
6. The growth of trust funds is a tribute to the positive results achieved by UNEP, demonstrated in advocacy activities, in promoting international cooperation through regional and global conventions and action plans, and to the UNEP capacity to administer reliably the funds of the international community.
7. The system of trust funds has distinct short-term advantages for UNEP. Trust fund projects and personnel add to the overall capability of UNEP and increase its capacity to attract contributions to the Environment Fund. It widens the source of financial support beyond the traditional channels in Government.
8. The donor countries also benefit from trust funds by saving on personnel costs, using established administrative mechanisms and,

participating in intergovernmental programmes developed at considerable cost by UNEP. Through the trust fund mechanism, donors obtain direct and early access to data, privileged contacts with third Governments, and an advantage in subsequent regular recruitment. Hence the rapid and consistent growth of trust funds in UNEP.

9. The Governing Council, however, has rightly expressed concern over the proliferation of trust funds because a growing share of the activities of UNEP, financed by trust funds, takes place without prior debate in the Council. Decisions on approval, extension and closure of trust funds are made on the basis of limited information provided by the UNEP secretariat. Other than management information, little effort is made to relate the trust funds more systematically to the approved programme budget and medium-term plan.

10. According to Governing Council document UNEP/GC.20/25, the areas that trust funds support are those subprogrammes set by the Council, but the ranking of fund distribution among subprogrammes significantly diverges from the priorities set by the Council for the Environment Fund. The evaluation has established that UNEP does not have a targeting mechanism for channeling and influencing the areas which trust funds should support. Such capability would perhaps mitigate the potentially negative impact of trust funds on the UNEP policy and action orientation.

11. The evaluation has further established that almost all trust funds are financing personnel. While 32 trust funds are supporting conventions and action plans, 22 are solely supporting staff in UNEP (mostly Junior Professional Officers) and the remaining 32 support other environmental programmes. In the provision of Junior Professional Officers, the donor Governments are the net beneficiaries, since the 12 per cent administrative overhead payment does not reimburse UNEP for the training and supervision element.

12. Despite the Secretary-General's instructions to the contrary, personnel that fill posts established under trust funds are chosen among those identified by the donor Government. Such practice raises concerns over the issues of selection procedures, type of appointment, grading of posts, and job security. Eventually, UNEP staff could potentially swing in favour of nationals of developed countries to the detriment of developing countries.

13. The evaluation also shows that the share of the top 20 contributors to the Environment Fund has tended to decrease in trust funds and counterpart contributions. Trust funds help diversify and widen the resource base of UNEP, while increasing the geographical coverage of its activities, and the grading of trust-fund-financed posts is the lowest among the various sources of financing, making them economical in terms of resource use.

14. The 13 per cent charge has been reduced in several instances by UNEP and can no longer be considered as untouchable. At the same time, higher charges for administrative expenses are made elsewhere. On this issue there has been an unnecessary lack of transparency, and a break-down in the dialogue with the Committee of Permanent Representatives.

15. Global Environment Facility (GEF) is another source that in fact provides the largest funding for activities relating to climate change, biodiversity, international waters, and ozone layer depletion. The same four

areas still feature in the UNEP work programme (financed by the Environment Fund) for the current and the next biennium. There is therefore a clear overlap of the activities financed by GEF and the Environment Fund, but the participation of UNEP in GEF-financed projects remains insignificant. Indirectly, the growth of GEF has contributed towards the marginalization of UNEP as the principal environmental institution as envisioned by the United Nations.

16. When UNEP participates in GEF-funded country-level, capacity-building and operational projects, it is in fact diverted from its global and regional mandate and its task of catalyzing the development of scientific and technical analysis, and advancing environmental management in GEF-financed activities.

17. The significant changes in the volume of trust funds and counterpart contributions in relation to the Environment Fund, raise the question of whether such changes have an impact on the ratio between the global approach and capacity-building at the country level, as well as on the role of UNEP in the continuum of assessment, policy formulation and resource allocation for the implementation of environmental programmes.

18. In view of the foregoing, there are two possible scenarios. In the first scenario UNEP may be perceived as an organization that is resource-driven, in which available funds determine the scope and orientation of its activities. In this perspective, trust funds may indeed represent an interference with the Environment Fund mechanism, distorting its balance, allowing donors to introduce conditionalities and earmarking of resources, giving too much power to the secretariat, directing the focus of UNEP's presence towards the developed countries. Although enlarged trust funds and counterpart contributions are proof of confidence of the donors in the effective catalytic and leveraging role of UNEP, the dependence of UNEP on such funds could, on the other hand, turn it into a victim of its own success, at the expense of its core functions.

19. The alternative scenario is for UNEP to reassert its central role as the leading United Nations organization in the field of environment. In order for the second scenario to take prominence, the Governing Council should take the necessary decisions to ensure that extrabudgetary resources are managed in keeping with the thrust and policies of UNEP as envisioned by the United Nations General Assembly.

B. MAIN RECOMMENDATIONS OF THE STUDY

20. The main recommendations of the study may be summarized as follows:

(a) The Governing Council should invite the General Assembly to reconsider the adequacy of the support it gives to the UNEP secretariat and increase it accordingly in the next budget;

(b) The Governing Council should address the issue of trust funds in a full-scale debate during which clarifications could be provided on all aspects of the matter;

(c) The Governing Council should be invited to adopt a policy statement (outlined in this study) and endorse a 200 per cent target per

subprogramme on which to seek extrabudgetary funds;

(d) All future approvals of the establishment, extension and closure of trust funds should be made on the basis of fuller information from the secretariat;

(e) In response to the Governing Council approval of target-setting, UNEP should adopt a strategy on resource-mobilization, based on the approved Fund programme and medium-term plan and relevant internal procedures;

(f) Senior management should have regular access to comprehensive, up-to-date information on all funding sources; and

(g) The United Nations Office at Nairobi (UNON) should review its administrative support to trust fund projects. The study suggests a four-level system, that reflects the actual services provided to different types of trust funds. It is recommended that related trust funds be grouped under umbrella projects in order to reduce the workload and stem their proliferation. There should be a break-even point below which it would be considered uneconomical for UNEP to accept servicing a trust fund.

21. Special attention is devoted in the study to GEF and its relationship with UNEP. In light of the nominal share still obtained by UNEP, and the fact that most of the approved projects do not reflect the UNEP role as outlined in the original division of labour, the study notes that there has been progress recently in recognizing the proper UNEP role in the scientific and technical fields, but that more remains to be done with regard to the environmental management component as a UNEP input to all GEF projects.

INTRODUCTION

A. BACKGROUND AND OBJECTIVES

22. During the 1998-1999 biennium, trust funds for the first time overtook the Environment Fund as the primary source of financing of UNEP activities. Meanwhile, donors have claimed that the overhead charges are too high, although the secretariat has indicated that they are too low to cover costs. Some delegations have expressed concern that Environment Fund resources and staff time have been used to subsidize trust fund activities. Others have pointed to the role some trust funds have played in promoting UNEP presence at the cutting-edge of environmental issues. Clearly there was a need for a study of trust funds and counterpart contributions managed by UNEP, and of presenting a factual analysis of these and other related aspects.

23. The present study was commissioned as part of the ongoing programme of the Evaluation and Oversight Unit of UNEP and was approved by management to be carried out within the 1999 work programme of the Unit. It did not arise from a specific request by the Governing Council, but rather from the realization by the secretariat, that the trust funds and counterpart contributions, which are an important form of support for UNEP activities given the sluggishness of contributions to the Environment Fund, have evolved without comprehensive policy guidance from the Governing Council.

24. In a spirit of transparency, the study aims to facilitate a review of all aspects of trust funds and counterpart contributions, initially within

the UNEP secretariat, and later by all UNEP stakeholders. It places the review of trust funds in the wider context of the debate on the financing of environmental activities.

25. Trust funds are a supplement to the Environment Fund, which relies on pledges of voluntary contributions. The smaller trust funds are activated by an offer of cash while the larger ones operate as mechanisms for the collection of contributions, which may use the system of voluntary pledges, or adopt a system of quasi-assessed contributions. Trust funds have become an essential part of the financing of environmental activities that could no longer be conceived without them. Their growth has been impressive, and has inevitably given rise to a debate on their function, their impact on the role of UNEP and their relationship with the Environment Fund.

26. The present study does not seek to evaluate the contents of trust fund projects, nor assess the correct management of trust fund resources, a task regularly carried out by the United Nations audit system. Rather, it addresses in its entirety, the policy implications of having a large and growing percentage of the organization's work financed by trust funds, as a result of which the distinction between policy-making, which is a secretariat function, and programme activities financed by trust fund projects, could become blurred.

27. The issue of whether UNEP can execute technical projects financed by trust funds when the secretariat lacks the internal professional expertise to supervise them, or whether such expertise can be financed from the trust funds themselves without the prior approval of the Governing Council has hardly ever been discussed during Governing Council sessions, and no discussion paper on the impact of trust funds on the composition and structure of the secretariat has ever been introduced.

28. To raise such issues is not to question the authority and flexibility of the Executive Director in shaping and managing the organization. On the contrary, it only goes to show how the lack of adequate, stable and predictable financial resources needed to operationalize the UNEP mandate - as called for by the Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme - has forced UNEP to take a course of action which may not be entirely desirable, but perhaps the only one available to prevent irreparable damage to the functioning of the organization.

29. Currently trust funds and counterpart contributions, with the exception of the Multilateral Fund for the Implementation of the Montreal Protocol for which UNEP acts as the Treasurer, finance two-thirds of UNEP activities, , yet their role has been given very little prominence in UNEP publications. For example, in the booklet From vision to action - UNEP since UNCED (ISBN: 92-807-1657-2) the only references to trust fund arrangements are mention of the UNEP/United Nations Development Programme (UNDP) joint project on environmental law and institutions in Africa funded by the Government of the Netherlands (page 6), the Multilateral Fund for the Implementation of the Montreal Protocol (page 18), and figures for UNEP/GEF portfolio as of April 1997 (page 23), which are the only reference to the cost of any programme activity. No mention is made of the system of trust funds as the major source of financing of UNEP activities.

30. A discussion of trust funds needs to be placed in the context of the

four major functions and organs of UNEP, and their role in the approval and financing of activities, of which trust fund activities are only a part.

1. The four functions of the United Nations Environment Programme

31. General Assembly resolution 2997 (XXVII) of 15 December 1972 set out the four functions of UNEP in a very clear and straightforward text. It assigned policy guidance to the Governing Council, management of the programme to the secretariat, the financing of the new environmental activities to an Environment Fund endowed with 100 million dollars (a figure that needs to be seen in the light of the dollar's purchasing power of 27 years ago), and the coordination of environmental activities within the United Nations system to the Environment Coordination Board.

32. Some debates on trust funds have reflected a vision of the organization in which the Governing Council is the ultimate policy-making organ, having the Executive Director as its chief executive officer and the secretariat as its executing arm. Prior to any discussion on trust funds it is therefore necessary to repeat that UNEP is not an independent organization, but a programme of the United Nations. Close and numerous links bind UNEP to the United Nations in matters of policy, administration, auditing and evaluation. These links have a direct bearing on the matter of trust funds and counterpart contributions.

33. The General Assembly draws up the list of the 58 States that by rotation compose the Governing Council whose reports are submitted to the General Assembly. The Executive Director is nominated by the Secretary-General and elected by the General Assembly. It should also be noted that section 12, part IV of the United Nations regular budget finances the core secretariat of UNEP. As for UNON, which administers the United Nations offices at Nairobi, it operates under the delegated authority of the United Nations Controller and applies the United Nations financial rules and regulations, as well as the rules for the management of the Fund adopted by the Governing Council, which may not conflict with the former. Furthermore, the UNEP accounts are audited by the United Nations board of auditors, as well as by the external auditors designated by the General Assembly.

34. If any of the delegates who had adopted resolution 2997 (XXVII) were to review the situation today, they would find that little has changed with regard to the Governing Council (with the exception of the role of the Committee of Permanent Representatives not foreseen at the beginning), and the UNEP secretariat, although the latter's internal structure and organization have evolved over time, and the administrative services of all United Nations activities in Nairobi have since been taken over by UNON. They would find, however, a major change in the Environment Coordination Board, where the Executive Director of UNEP no longer chairs the meetings of Heads of United Nations specialized agencies to discuss coordination of their respective environmental activities, as the General Assembly had decided.

35. Where they would find changes beyond recognition is in relation to financing. Indeed, the Environment Fund is no longer the centrepiece of the financing mechanism. Trust funds and counterpart contributions, which had not been specifically foreseen as a method of financing, now provide the majority of resources for UNEP, and both are overshadowed by GEF from which UNEP receives resources. Since GEF is also an environmental trust fund in which

UNEP plays a role as an Implementing Agency and receives resources for both project activities and administrative support, the present study will include this element within its review.

36. The present study will also examine the development of trust funds and counterpart contributions, from the point of view of relevant Governing Council decisions, analyse their specific approval, management and reporting procedures, assess their impact on the policy-making role of the Governing Council, the flexibility of the Executive Director in the management of the programme and the flow of resources to the Environment Fund.

37. Based on the analysis of the situation a number of recommendations will be put forward for action, as appropriate, by UNEP management, by the Governing Council and, with the latter's endorsement, by other key actors in the United Nations system. The over-riding objective of the study is the long-term effectiveness and viability of UNEP, through a constant flow of resources for its programme of work, the reinforcing of the policy-making role of the Governing Council, compliance with relevant United Nations rules and regulations and transparency in the approval and management of trust funds and counterpart contributions, in a way that will meet the concerns of both donor and non-donor member countries.

2. The financing of environmental programmes

38. The financing of environmental programmes is crucial to the success of the policies developed by the international community. If the purpose and use of each mode of financing is clearly presented, more funds are likely to be forthcoming.

39. As this is the first management study devoted to the trust funds in UNEP, it has been necessary to assemble the relevant factual information (institutional, legal and financial) currently dispersed in different offices of the secretariat, prior to conducting an in-depth analysis. Wherever the existing practice has appeared to deviate from the established legal framework, such discrepancies have been pointed out and recommendations made to remedy the situation. The urgency for such a study will be readily apparent when it is noted that for every dollar appropriated by the Governing Council to be spent from the Environment Fund, another \$1.80 is spent by the secretariat from extrabudgetary sources, some of which (the counterpart contributions) are resorted to without specific Governing Council approval.

B. THE TERMS OF REFERENCE FOR THE STUDY

40. The present study was carried out on the basis of the detailed terms of reference, which are set out in annex I to the present report.

41. The terms of reference were developed by the Evaluation and Oversight Unit in close consultation with the principal UNEP offices concerned with trust funds and reflect their combined concerns and wishes for clarification. In fact, almost every office in UNEP is involved with trust funds at one stage or another, i.e., in their negotiation and approval, in using their resources and in administering them. It is therefore understandable that there be differences in perception and in attitude towards this subject and the study dealing with it.

42. Since the terms of reference are very comprehensive the consultants did not come across any new questions not already addressed in them.

C. METHODOLOGY OF THE STUDY

43. The study was conducted in Nairobi by a small team of consultants appointed by UNEP, comprising Mr. Aldo Manos (Italy) as team leader and Ms. Dorothy Atieno Ongeso (Kenya), team member. In line with UNEP practice, the study was conducted under the supervision of the Chief, Evaluation and Oversight Unit of UNEP, whose continuous guidance and contributions at various stages were invaluable.

44. The study was conducted through:

(a) An examination of relevant Governing Council documents and decisions (listed in annex II);

(b) An examination of relevant internal correspondence;

(c) An examination of trust fund files, in UNEP and in UNON;

(d) Interviews with selected UNEP and UNON officials, who provided information and insights as well as certain officials responsible for projects financed under trust funds (listed in annex III); and

(e) Interviews with the Permanent Representatives who chair the Group of 77 and China, and the Western and Other Countries Group (WEOG), respectively.

45. In view of the limitations of the one-to-one arrangement of most interviews, a mid-term presentation of preliminary findings was made to key officials to allow for the critical exchange of opinion that is only possible in an open meeting.

46. It is hoped that the present report will be distributed beyond the inner circle of the UNEP secretariat, and be subject to open scrutiny and debate by a wider group of stakeholders, because the issues raised are vital for the future development of UNEP as the central body dealing with the world's environment.

D. STRUCTURE OF THE STUDY

47. The study is structured into three parts. The first part is a compilation of the facts, i.e., institutional, legal and financial information, which form the basis for the study. The second part contains an analysis and evaluation of that information, while the third part draws conclusions from the evaluation and makes recommendations for a better use of trust funds and counterpart contributions in the future.

48. The annexes play an important part in this study, as they present comparative tables and charts that illustrate the growth and diversification of UNEP sources of financing over the years. They also help to identify at a glance the staff financed by trust funds, in relation to those financed from other budgets, and the location of such personnel. The importance of trust

funds for the overall programme of UNEP emerges very clearly in the annexes.

I. COMPILATION OF INSTITUTIONAL AND FINANCIAL INFORMATION

A. INSTITUTIONAL ASPECTS

49. General Assembly Resolution 2997 (XXVII) of 15 December 1972 described the functions of the four established organs of UNEP as follows:

(a) The UNEP Governing Council was set up to provide general policy guidance for the direction and coordination of environmental activities: the text was unambiguous. The Governing Council was to exercise policy guidance for all environmental activities, and not just those financed by the Environment Fund. Trust funds and other sources of financing were no exception;

(b) The UNEP secretariat, conceived as a small secretariat in the United Nations was to serve as a focal point for environmental action and coordination within the United Nations system in such a way as to ensure a high degree of effective management. Both concepts of focal point and coordination, are still applicable and constitute the benchmark against which the adequacy of staffing of the small secretariat needs to be assessed;

(c) The UNEP Environment Fund, a voluntary fund established in accordance with existing United Nations financial procedures, was to provide for additional financing for environmental programmes. In order to enable the Governing Council to fulfil its policy guidance role for the direction and coordination of environmental activities, the Environment Fund was to finance wholly or partly the costs of the new environmental initiatives undertaken within the United Nations system. The operative word in the mandate of the Environment Fund was new initiatives and that remains entirely valid today. In 1972, "new" meant activities that were not then part of the programmes of the United Nations system. Today they refer to the cutting edge of a programme constantly advancing to meet new challenges and developments in science and technology. The appraisal of the environment programme at five years intervals will clearly show how it constantly changes its focus, leaving behind a growing body of scientific assessment, institutional developments and national capabilities that it has helped to develop; and

(d) The Environment Coordination Board was established under the auspices and within the framework of the Administrative Committee on Coordination in order to provide for the most efficient coordination of the United Nations environment programmes.

50. The goals and strategies adopted in the Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme, must also be reflected in the trust funds of UNEP. The Nairobi Declaration decided that:

(a) UNEP should continue to be the principal United Nations body in the field of the environment;

(b) UNEP should be the leading global environmental authority that sets the global environmental agenda;

(c) UNEP should strengthen its role in the coordination of

environmental activities, as well as its role as an Implementing Agency of GEF based on its comparative advantage and scientific and technical expertise and advisory services in institution-building to Governments;

(d) UNEP should promote regionalization; and

(e) UNEP should enhance the competitive ability of the programme to attract funding.

51. The reference to the Environment Fund in paragraph 7 of the Nairobi Declaration as the principal source of financing is the basis for the stress placed by this study on the notion of hierarchy of sources of financing, whereby trust funds and counterpart contributions, including GEF, are supporting the programme financed by the Environment Fund. The text cannot be interpreted to mean that the Environment Fund should be the largest source. In fact all the other objectives of the Declaration require additional voluntary resources in order to be achieved.

B. SOURCES OF FINANCING

52. The regular budget is expected to cover the policy guidance for the direction and management of environmental programmes, the focal-point role for environmental action and the coordination within the United Nations system. The Environment Fund is designed to provide additional financing for environmental programmes (some are expected to be covered by subsection 12.C of the regular budget) and new environmental initiatives within the United Nations system. Extrabudgetary resources must support or supplement the substantive work programme of the organization, be consistent with its objectives, policies and procedures, and be within the context of the overall policies, programmes and priority-setting decisions of the intergovernmental body as expressed in the medium-term plan, programme budget and other legislative actions.

53. Over the years this matching of funding sources with functions could not be maintained and an upward shift has taken place, with the Environment Fund now financing many policy guidance functions in the secretariat, and trust funds often providing the only as opposed to additional support for many environmental programmes.

A hierarchy of sources

54. General Assembly Resolution 2997 (XXVII) places the various sources of funding in a clear hierarchical order. The regular budget finances the small core secretariat, and all other sources are supplementary and dependent on it. Should the regular budget withhold its funding of the few posts it finances under section 12.B, the secretariat would no longer exist and the other sources of financing would lose their justification. The 2000-2001 regular budget comes dangerously close to that scenario, because it assigns to the Executive Director, as his entire secretariat, three professional posts. Additional posts are financed as part of the programme of work of the secretariat.

1. Regular budget

55. General Assembly resolution 2997 (XXVII) also provides that the costs

for servicing the Governing Council and providing the small core secretariat are to be borne by the regular budget of the United Nations. Much can be debated on what constitutes " a small core secretariat " that is consistent with the role the General Assembly expects it to play. The role of the secretariat, however, is clearly defined. It includes implementing the policy guidance and management of the programme, acting as the focal point for environmental action, and ensuring coordination of environmental activities within the United Nations system. Over the years the funds provided by the regular budget have first been stagnant and then reduced, contrary to the call being addressed to the specialized agencies to internalize the environment in their own programmes and budgets. Adherence to the same principle would require the regular budget contribution to be increased consistently from the projected 2000-2001 levels.

2. Environment Fund

56. General Assembly resolution 2997 (XXVII) lays down, furthermore, that operational programme costs, programme support and administrative costs of the Fund are to be borne by the Environment Fund, which is to provide additional financing for environmental programmes, and the cost of new initiatives within the United Nations system. This wording covers operational programmes, other than the policy guidance and coordination functions. Determining the structure, composition and level of the Fund Programme is a major task of the Governing Council and one in which policy guidance takes concrete shape. The Executive Director is entrusted with significant authority to move 20 per cent of allocations between budget lines.

57. The expression "programme support" has in subsequent years been replaced by the concept of management of the programme, as separate from administrative support. On the basis of this distinction, the administrative functions in UNEP have been transferred to the newly instituted United Nations Office at Nairobi. The setting up of UNON testifies to the intention of the United Nations to maintain a permanent and significant presence in Nairobi. Although this has meant transferring a consistent number of staff from UNEP, it indicates at the same time, that the pilot or experimental phase of UNEP is over and the programme is treated on a par with all other United Nations offices in major United Nations centres outside New York.

3. Environment Fund programme reserve

58. The existence of an Environment Fund programme reserve is recognition of the fact that environmental issues are evolving rapidly and cannot all be foreseen over the one or two year intervals of the Governing Council sessions. The authority to allocate funds from the programme reserve sits with the Executive Director, in addition to the 20 per cent flexibility mentioned earlier.

4. Trust funds and counterpart contributions

59. Extrabudgetary resources, in the form of trust funds and counterpart contributions, which support or supplement the substantive work programme of the organization, must be consistent with the objectives, policies and procedures of the organization, and fall within the context of the overall policy, programmes and priority-setting decisions of the intergovernmental

body as expressed in the medium-term plan, programme budget and other legislative actions.

60. The system of trust funds and counterpart contributions was developed in the United Nations and applies throughout the United Nations system. It is the mechanism designed to receive and administer extrabudgetary resources in support of the aims of the United Nations. As such, it is subject to the Secretary-General's Bulletin ST/SGB/188 of 1 March 1982, on the establishment and management of funds and to the three related administrative issuances. Since they constitute the legal framework within which trust funds must operate, these documents will be referred to extensively in the subsequent parts of the study.

5. Global Environment Facility-financed activities implemented by UNEP

61. The Global Environment Facility (GEF) was established by the World Bank in 1991 as a pilot programme. A restructured GEF in which UNEP plays a role was set up by treaty in 1994. It is to be noted that GEF is a trust fund of a particular kind, created outside the United Nations system and not subject to its rules. It finances a UNEP trust fund, which in turn finances many projects.

62. In accordance with Governing Council resolution 16/47 of 13 May 1991 on GEF, UNEP is required to help ensure that the global policy framework for GEF is consistent with existing environmental conventions and related legal instruments and agreements.

63. The importance of the GEF initiative in terms of resources, its modus operandi and its country-driven programmes, represent the most important new initiative in environment financing since the creation of UNEP and forces UNEP to reassess its own operations with reference to it. A section in the present report deals with the special case of GEF in the financing of UNEP programmes and with the role of UNEP in the shaping of the GEF programme.

C. DEFINITION AND NATURE OF TRUST FUNDS AND COUNTERPART CONTRIBUTIONS

64. It may be useful to recapitulate and briefly describe the various ways in which an international programme, such as the UNEP one can be financed by the international community, namely, through assessed and voluntary contributions, tied contributions, trust funds and counterpart contributions, special purpose accounts and parallel funding.

1. Assessed contributions

65. Assessed contributions are calculated on the basis of each country's capacity to pay, usually with reference to the formula developed for the contributions to the United Nations regular budget, which is constantly updated. The United Nations scale of assessment can be applied, unchanged, to programmes of a global nature, in which all countries participate. For programmes of a more limited geographical scope, such as regional programmes for example, the formula can be automatically adjusted in such a way that the relative shares of the countries that participate remain unchanged. Funds thus collected on the basis of an assessment are subsequently utilized according to the decisions of the governing body of the fund, so that a net redistribution of resources is carried out on the basis of agreed criteria.

2. Voluntary funds

66. Voluntary funds are of an entirely different nature. They are ideally suited to cover the ad hoc response to an emergency, where the amount of individual contributions may be influenced by a number of factors that are not reflected in the United Nations scale of assessment, such as close political or trading ties with the country or countries affected, cultural or language similarities, the particular nature of the emergency, and so on.

67. When applied to a permanent programme, such as UNEP, which has a global mandate and an open-ended timeframe, in which the participants pursue an active policy of intervention into problems of grave concern to present and future generations, the purely voluntary approach is clearly inadequate. So much so that, not long after the establishment of UNEP and its Fund, benchmark figures were developed to guide the countries in calculating their "voluntary" contributions, and the search has been on ever since for predictable financing as a prerequisite of programme planning.

3. Earmarking of contributions

68. Earmarked or tied contributions are those in which the donor chooses the use of his funds by the recipient organization. There are considerable variations in tied contributions. At one extreme they represent the wish of the donor to promote a certain element of the programme, to which it attaches particular importance, and on which it could not carry the support of the majority in the Governing Council for a larger share of the budget. Such contributions, if offered unconditionally, may even free resources from a particular budget line for other uses.

69. Other offers of tied contribution come with conditions or strings attached. If such conditions are too rigid or inconsistent with the over-all objectives of the programme, a contribution may become a burden for the recipient, alter its policies, and generally unbalance the work of its staff. In extreme cases, the donor of a tied contribution may be using the international organization as it would use a consulting firm, only on more favourable financial terms.

70. Pledges made to the Environment Fund cannot be earmarked by the country making the pledge, to be used for specific programme lines, or not to be used for certain other programme lines, nor to benefit certain countries. Allowing the earmarking of pledges would erode the authority of the Governing Council to decide on the structure and composition of the work programme. One wonders, in this regard, what makes an earmarked contribution unacceptable, but an offer of trust fund financing acceptable. The discriminating factor between them can surely not be in the time factor alone, whether such contributions are made during or outside the Governing Council sessions.

4. Trust funds

71. Trust funds are set up for a specified period of time, which can be extended, for well defined purposes consistent with the general aims of an organization, and with its knowledge and approval. If the purpose is one of regular concern to the organization, then a trust fund should not be used, and provision for work in that field should be included in the work programme

of the organization and supported by a regular budget line.

5. Counterpart contributions

72. In all international projects where grant money or technical assistance activities are involved, a contribution in kind and/or in local currency from the recipient country is normally insisted upon. Counterpart contributions in kind can be facilities that the local authorities can provide at no cost to them, but which would entail a cost to the project were they to be obtained (through purchase or rental) by the foreign aid donor. Contributions in kind thus stretch the resources of the project budget and at the same time represent a commitment of the receiving agency to the aims of the project itself.

73. Contributions in cash (in local currency) also have a twofold effect: they provide funds for local expenditures, allowing the hard currency element of the project to be used for those components where hard currency is essential; at the same time the existence of a counterpart contribution guarantees that the project is in line with the recipient Government's priorities. In short, counterpart contributions are proof that the project is not imposed from the outside and only accepted because outside funding is on offer. It goes without saying that the availability of a counterpart contribution is not sufficient in itself to guarantee that a project meets a priority need, but the lack of it is a good enough indicator that it may not.

74. The present study is concerned with a special type of counterpart contributions, i.e., those provided by a developed country in order to facilitate the participation of developing countries in a multilateral programme. This is justified by the special nature of environmental problems, most of which are of a transboundary, regional or global significance. Facilitating the participation of all the countries concerned becomes a legitimate goal of the international community, as the participation of every country benefits all the others.

75. Indications of support should, however, be given in general enough terms, such as developing countries, land-locked countries, small island developing States, in order to leave some discretion to UNEP. No contribution should be specifically tied to cover the participation of a particular country, thereby reflecting a donor's political choice, which is better left to purely bilateral arrangements.

6. Special purpose accounts

76. The United Nations financial rules and regulations make provision for special purpose accounts.

7. Parallel funding

77. Parallel funding is used by donors who wish to support certain components of the programme of an international organization, but do not wish to entrust their resources to it. They develop a national project, which is consistent with the international project, but over which they retain total control. The value of this external contribution depends entirely on the quality of the coordination between the two projects. If coordination is so close that there is perfect harmony, then the question may arise as to why the project is not turned into a trust fund. If coordination is very loose

and the two projects fail to proceed in step with each other, the notion of parallelism is lost and the value of the contribution becomes difficult to assess.

8. Donors and recipients

78. In a field such as the environment, the notion of donor and recipient, or beneficiary of a programme is notoriously difficult to define. A developing country pays a small contribution to the Environment Fund and thus becomes a donor while UNEP is the recipient. When UNEP initiates a project involving a large cross-section of countries, all the countries, many of them industrialized, become recipients. When a UNEP-promoted convention is successful, the entire international community becomes the beneficiary. Thus, any calculations of net benefits based on dollar values alone are short-sighted and always misleading. Yet these considerations are often behind decisions favouring trust funds over contributions to the Environment Fund, as they seem to ensure some immediate return for the money paid, in the form of recruitment of national staff, procurement of national products, or the location of project facilities in the donor country.

D. TERMINOLOGICAL ASPECTS

79. Terminology is an important aspect of trust funds. Indeed, it is an essential step in the analysis of trust funds and counterpart contributions, because it affects the way non-English speakers and persons not familiar with the common law system where trust funds are a familiar feature, instinctively view these matters.

80. In its definition of the term trust, the 1985 edition of the New Encyclopedia Britannica describes the basic components of a trust which include a settler, i.e., one who passes property and takes steps to place it into trust; a trustee, i.e., a person in whom the legal title of the property is vested; and a beneficiary, i.e., the person or institution that receives ultimate benefit from the property. Encyclopedia Britannica also sums up the document instituting the trust, a deed, will or similar statement, as the trust instrument, explaining that the trust is found mainly in countries with legal systems based on common law. The other major systems of law in Western civilization civil law, based on Roman law and Socialist law, do not have exact equivalents of the trust.

81. The common law origin of the term creates difficulties in translation into the other United Nations official languages that embody a different legal system. The difficulty of conveying an unambiguous meaning in translation is apparent from the glossaries used by official international translators. In conclusion, it can be stated that the trust fund is a common law concept with which non-English speakers coming from the legal background of civil law lack familiarity. In the official translation into French and Russian, trust funds are conveyed as funds with a special purpose. The concept of funds with a special purpose privileges the will of the donor, while that of trust fund stresses the independence of the trustee in managing the funds.

E. THE GROWTH OF TRUST FUNDS AND COUNTERPART CONTRIBUTIONS

82. As indicated earlier, trust funds overtook the Environment Fund as the primary source of financing of UNEP during the 1998-1999 biennium. Trust funds and counterpart contributions combined were already the primary source in the 1996-1997 biennium. This development was not stressed before because each source of funding is dealt with on a separate track, i.e., the United Nations on the regular budget, the Governing Council on the Environment Fund and donors on the trust funds.

83. The table in annex IV to the present study provides the expenditure figures by source of funding from 1973 up to the 2001 projections, presented in graph form in annex IV A. It shows that trust funds expenditure started in 1980-1981, counterpart contributions in 1982-1983, and GEF and the Multilateral Fund in 1990-1991, as summarized in Table 1 below:

Table 1. Growth of trust funds and counterpart contributions

BIENNIUM	1	2	3	4	5
1973	EF	RB			
1980-81	EF	RB	TF		
1982-83	EF	RB	TF	CC	
1986-87	EF	TF	RB	CC	
1990-91	EF	TF	RB	CC	GEF
1992-93	EF	TF	CC	RB	GEF
1994-95	EF	TF	GEF	CC	RB
1998-99	TF	EF	GEF	CC	RB

EF= Environment Fund.

RB= United Nations regular budget

TF= Trust funds

CC= Counterpart contributions

GEF= Global Environment Facility

84. The small insert above graphically illustrates the relative position of different UNEP sources of funding. The Environment Fund lost its pre-eminence in terms of resources to trust funds in the 1998-1999 biennium, thus giving weight to the need for the present study. The actual expenditures for the last completed biennium (1996-97) are presented in two pie charts in annexes V and VI to the present study, the first including the Multilateral Fund, the second without it.

85. The number of trust funds supporting the work of conventions is a tribute to persistent efforts by UNEP to promote the adoption of those conventions. This should be a source of satisfaction to the Governing Council that approved and financed the work leading to those conventions.

86. The growth of trust funds in general reflects the trust of the international community has in UNEP to administer its funds in a reliable manner. The UNEP administration has never been faulted in its handling of trust funds and counterpart contribution money.

87. The table in annex VII to the present document shows all trust funds by their date of establishment, from two or three per year during the 1980s, to twelve and thirteen per year more recently. The table uses the very practical and simple code devised by UNEP and UNON to refer to each trust fund, as exemplified in the recent document UNEP/GC.20/25. The alphabetical code followed by the full title of each trust fund is reproduced in annex VIII.

88. The table in annex IX to the present study lists the trust funds in descending order of their 1998-1999 projected expenditures. With the exception of the Multilateral Fund, the next five trust funds alone account for 50 per cent of the total. For each trust fund, large or small, there are fixed costs relating to negotiation, approval, contributions follow-up, financial recording and reporting, that are independent of the project size. What needs to be determined is the break-even point at which a trust fund becomes too small for the administrative charge to cover the cost of administering it.

89. An internal study carried out in UNEP in February 1999 revealed the extent to which UNEP projects financed by trust funds have been leveraging local counterpart contributions which are not adequately reported because they flow directly to the projects.

90. Another significant development is the growing number of contributions from the private sector and individuals. All the safeguards concerning acceptance of extrabudgetary resources should apply even more stringently to the private sector, but genuine goodwill and willingness to contribute should be encouraged. An issue to be addressed also is how to stem the proliferation of trust funds while introducing umbrella trust funds with subcomponents. The large GEF trust fund covers 55 projects and shows that such an approach is feasible when there is the will to impose it.

91. The present study argues that the proliferation of trust funds is in itself a bad thing, since it increases administrative costs as well as management and reporting efforts, fails to achieve critical mass and visibility for projects, and makes the UNEP programme lose focus. The study also goes deeper and considers whether the shift in financing away from the Environment Fund and towards extrabudgetary channels is indicative of a crisis of the mandate and institutional role of UNEP.

92. The organization's advocacy task has been successfully completed. Environment is now permanently on the international agenda and environmental machinery is in place in every country of the world. UNEP has similarly succeeded in promoting international cooperation through regional and global conventions and action plans. The challenge is now to translate its environmental assessment - for which it has a clear mandate and no competitors - into policies and controls. A limited Environment Fund does not provide an adequate mechanism for it, and neither do trust funds which pull towards country-level action. Obviously, if UNEP is not able to perform its task, no other body can. The country-driven GEF has the resources but lacks the legitimacy to define global environmental policies, which remain the prerogative of UNEP to which all United Nations Member States belong.

93. In addressing the specific question of trust funds the present report touches upon some fundamental issues concerning the role of UNEP in the coming years, the ratio and connection between the global approach and

capacity-building at the country level. The transmission process between assessment and policy formulation, which is the role of UNEP, and resource allocation by GEF remains to be defined, to ensure that GEF implements the UNEP Governing Council's policies.

F. GLOBAL ENVIRONMENT FACILITY TRUST FUND PROJECTS IMPLEMENTED BY UNEP

94. The Global Environment Facility is a financial mechanism that provides grant and concessional funds to recipient countries for projects and activities that aim to protect the global environment. GEF resources are available for projects and other activities that address climate change, biological diversity, international waters, and depletion of the ozone layer. Countries can obtain GEF funds if they are eligible to borrow from the World Bank (International Bank for Reconstruction and Development and/or International Development Association) or receive technical assistance grants from UNDP through a country programme.

95. Responsibility for implementing the GEF programme is shared between UNDP, UNEP and the World Bank. UNDP is responsible for technical assistance activities, capacity-building and the small grants programme. The role of UNEP is to catalyze the development of scientific and technical analysis, advance environmental management in GEF-financed activities, and manage the Scientific and Technical Advisory Panel, an independent advisory body. The World Bank, the repository of the Trust Fund, is responsible for investment projects and mobilizing resources from the private sector.

96. The process that led to the creation of the pilot phase of GEF is documented in GEF Working Paper number 10 by Helen Sjoberg: From Idea to Reality. The Creation of the Global Environment Facility (Washington, DC, 1994). The paper is written mainly from the perspective of the World Bank, and quotes extensively from internal memorandums, as well as from some UNDP correspondence. The UNEP side of the story is, therefore, totally missing and a complementary study may one day be commissioned to fill in this important side of the picture. The paper essentially documents the process by which a reluctant World Bank management eventually accepted to have the responsibility of managing GEF thrust upon it by a group of donor countries, following a French initiative, and bowed to pressure from some American non-governmental organizations.

97. The formal decision to become involved and play a major role in the new fund came at a meeting held in Paris, on 27 and 28 November 1990, and attended by 27 countries, nine of which were developing countries. France, Germany, the Netherlands, the Nordic countries and the United Kingdom of Great Britain and Northern Ireland gave their support, while the United States of America gave a very qualified support for a three-year pilot phase, after which global environmental concerns would have to be incorporated into the Bank's regular and ongoing work. Australia and Japan were not willing to contribute.

98. From such inauspicious beginnings the largest international fund for the environment was born. The GEF Working Paper acknowledges some institutional struggle for funds between the Bank and UNDP, but omits any mention of at least two aspects, which must have loomed large at the time. One was the consistently negative attitude of the global non-governmental organization towards many large World Bank projects, out of concern over the

negative effects such projects could have on the global environment. Activists from Greenpeace violently disrupted a World Bank meeting, the first time such an event had affected a major international organization. The second factor was no doubt the approaching United Nations Conference on Environment and Development scheduled to take place in Rio de Janeiro in June 1992, and at which the Bank wished to appear in a positive light.

99. As stated earlier, the UNEP side of the story is missing. It is unclear why the UNEP secretariat rushed to support the idea of a new fund, in which UNEP participation was of the essence, but which was bound to be financed by the top contributors to the Environment Fund, and thus likely to affect its own flow of financing. Perhaps UNEP perceived the new fund as a convenient receptacle for funding for the emerging global conventions on which it was working, and ignored the possibility of GEF engaging in activities outside of the conventions proper. It could be that UNEP was compelled by purely financial reasons to go along at the time, in the hope of substituting GEF funds for diminishing voluntary contributions to the Environment Fund. Only a study of the UNEP internal memoranda issued at the time and the Sjoberg paper, could help establish UNEP motives and expectations.

100. The GEF pilot phase lasted from 1991 to 1994, after which it was replaced by the restructured GEF to which all its assets were transferred. In March 1994, representatives of 73 States, meeting in Geneva adopted an Instrument establishing the restructured GEF to which contributing participants pledged \$2.02 billion. The GEF Trust Fund became effective in 1995.

101. As mentioned earlier, there are four GEF focal areas: climate change, biodiversity, international waters and ozone layer depletion, which are all very broad. The biodiversity focal area includes the development of national strategies and national action plans, management of national parks, marine parks, nature reserves, and threatened ecosystems (mountain and coastal ecosystems, coral reefs, wetlands, dry lands, river basins), funding for companies that make sustainable use of biodiversity, biodiversity inventories, in-situ conservation of endangered species of flora and fauna, including medicinal plants and wild cultivators, forestry management, restoration of degraded habitats, as well as land degradation, including desertification and deforestation.

102. The climate change focal area covers greenhouse gas inventories, energy efficiency, rural electrification, renewable sources of energy, sugar-cane biomass, landfill gas recovery, wind energy, geothermal power generation, solar trough technology, photo-voltaic home systems, alternatives to slash-and-burn agriculture, efficient industrial boilers. As for the international waters focal area, it includes preparation and support for regional seas action plans, management of international lakes and international rivers, oil spill contingency plans and land-based pollution.

103. The ozone depletion focal area on the other hand covers the phasing-out of ozone-depleting substances in aerosol propellants, refrigeration, foams and solvent industries. It should also be noted that the multiple focal area has financed the measuring of incremental costs to the environment in the four focal areas, funded loans to small and middle-size enterprises, set up a Central American Fund for environment and development initiatives and supported a wide range of local non-governmental organization initiatives

through the Small Grants Programme, executed by UNDP.

104. These four areas still feature in the UNEP work programme and represent a major component of its 1999-2000 programme budget. In view of such an overlap between the activities that can be financed by the Environment Fund and those that can be financed by GEF, the two funds in effect compete for the same resource base, represented by the same 20 donors that provide the bulk of the resources of both funds. During the pilot phase the distribution of projects and funds between the three Implementing Agencies was as follows:

Table 2. Distribution of projects and funds

	PROJECTS	EXPENDITURES \$ MILLION	PERCENTAGE OF EXPENDITURES
UNDP	56	242.5	34
UNEP	5	17.5	2.5
World Bank	51	452.1	63.5
Total	112	712.1	100

105. It is not clear why the shares of the three partners in GEF were so unequal.

106. As noted earlier, there was no predetermined sharing of resources between the three Implementing Agencies in GEF. The actual apportionment, therefore, can only result from the requests that countries make to GEF, (with the exception of regional, global and multiple-focal-areas projects), from the efficiency of their respective secretariats in developing bankable projects, or from the functional roles assigned to each Implementing Agency.

107. The Governing Council adopted the Instrument of the restructured GEF at its fourth special session held on 18 June 1994, and its constant concern was for UNEP to play a meaningful role within GEF. In 1997 document UNEP/GC.19/16 reaffirmed the Governing Council's commitment to the full involvement of UNEP in the design and implementation of GEF programmes and projects. In the same year the Nairobi Declaration on the Role and Mandate of UNEP requested UNEP to strengthen its role as an Implementing Agency of GEF. In its decision SS.V/6 of 22 May 1998 the Governing Council invited GEF to support the Executive Director's efforts aimed at strengthening the role of UNEP in GEF in accordance with the terms of reference of the Facility.

108. The most articulate description of the UNEP long-term role appears in the report of the Task Force on Environment and Human Settlements established by the Secretary-General: "consistent with the GEF Instrument, UNEP's role in providing environmental advocacy, analysis and advice in shaping GEF priorities should be strengthened, building on UNEP's current responsibility for ensuring the scientific underpinning of GEF activities. UNEP should act as catalyst and advocate for new directions and should take the lead among the GEF Implementing Agencies in providing environmental advice. This role is consistent with UNEP's status as the lead agency in the UN system for identifying large-scale environmental threats and proposing remedial measures". In addition, General Assembly resolution 53/242 of 29 July 1999 endorsed the need to enhance the role of UNEP as an Implementing Agency of GEF in accordance with its mandate and the Instrument for the restructured

GEF.

109. UNEP is responsible for catalyzing the development of scientific and technical analysis, advancing environmental management in GEF-financed activities, and managing the Scientific and Technical Advisory Panel (STAP), an independent advisory body. One must acknowledge, in retrospect, that progress has been made in terms of allowing UNEP to play its role of catalyst to the scientific and technical community. The role of UNEP has now been made explicit in the action plan on complementarity adopted at the twentieth session of the Governing Council as well as in the GEF-UNEP strategic partnership approved by the GEF Council in November 1999. The strategic partnership recognizes and spells out the role of UNEP, i.e., to mobilize and disseminate scientific and technical information critical to GEF operations, and help mobilize the scientific and technical community, building on its strengths in those areas and on its convening power. This remains to be confirmed by the approval of projects now in the pipeline.

110. For environmental management in GEF-financed activities to be developed, there must be a UNEP presence in all the major GEF projects. None of the large-scale GEF-financed projects, however, include UNEP participation on the environmental management side. Managing STAP should provide UNEP with an opportunity to become acquainted with all the project proposals being submitted to GEF. In fact, the independent nature of STAP is such that UNEP, which is managing STAP, is not provided with this type of information. Indirectly, therefore, the growth of GEF has helped marginalize UNEP as the principal environmental institution within the United Nations system.

111. The present study has dealt at length with the GEF Trust Fund, one among 86, because two world funds for the environment cannot exist side by side without a clearer demarcation of their respective roles. Indeed, without such a demarcation, the Environment Fund will inevitably be seen as being merely the UNEP budget, since it already pays for almost half of the UNEP staff and a large portion of its resources go to internal projects.

112. When comparing the vastly different contributions flowing into the two Funds, the Governing Council may well ask itself what it is that makes GEF so much more appealing to the 20 top contributors. For instance could it be the environmental expertise of the World Bank and UNDP, or the weighted voting, whereby any group of countries holding 40 per cent special drawing rights or more can block approval of a project? Can one attribute it to the quality of the expert teams GEF is able to field, thanks to its larger resources or even the prospect of World Bank loans to follow GEF projects?

113. A management study is meant to be blunt and provocative, but until the above questions are openly addressed and answered, the trust fund mechanism remains the only one that can help UNEP maintain its foothold on the international environmental scene.

G. THE CATEGORIZATION OF TRUST FUNDS

1. Categories of trust funds in the United Nations system

114. The Secretary-General's bulletin and the related administrative instructions recognize the following types of trust funds:

- (a) General trust funds that support the work of the organizations;
- (b) Technical cooperation trust funds (general), that assist developing countries to be named in the Agreement establishing the fund; and
- (c) Technical cooperation trust funds (personnel), that cover the provision of personnel.

115. Many UNEP trust funds do not fit this classification. For instance, the trust fund established in 1993 to assist developing countries and other countries in need of technical assistance in the implementation of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, is not classified as a technical cooperation trust fund. This is also the case of the General Trust Fund set up in 1997 in support of the work of the UNEP High-level Committee of Ministers and Officials.

116. A single donor endowment for an environmental award is classified as a general trust fund, along with others receiving support from one hundred or more countries. Conversely, few if any technical cooperation trust funds specifically identify the developing countries they are designed to assist, as required by the Secretary-General's bulletin.

2. The debate in UNEP on categorization of trust funds

117. The secretariat has been aware for a long time of the inappropriateness of the existing three categories for the UNEP trust funds and a major debate has been taking place on how best to categorize them from the UNEP point of view. In this respect, the following categories have been proposed:

- (a) Trust funds of environmental conventions, protocols and regional seas programmes;
- (b) Clearing-house trust funds largely established for capacity-building in developing countries and addressing cutting-edge issues;
- (c) Trust funds for resources provided to UNEP, where UNEP is an Implementing Agency such as in GEF, or Treasurer such as in the Multilateral Fund;
- (d) Junior Professional Officers trust funds;
- (e) Counterpart contribution trust funds supporting the participation of representatives of developing countries in intergovernmental meetings, including Conference of the Parties of conventions; and
- (f) Counterpart contribution trust funds in which donor countries have basically earmarked funds for supporting certain activities of the UNEP programme of work.

118. This classification of trust funds, developed within the UNEP secretariat, is a very useful approach as it attempts to break the mold within which environmental trust funds have been constrained for so long. Instead of merely distinguishing between general and technical cooperation trust funds, this outlines the specific purpose of each trust fund. As a management tool it provides a synoptic view of the type of support the UNEP work programme is attracting and should serve as a basis for a strategic

approach to developing trust fund inputs into UNEP activities.

119. The 86 trust funds can be further analyzed from other points of view in order to obtain additional insights.

Table 3: Description and number of trust funds

Type of trust fund	Number of trust funds
Single Donor	54
Multiple Donor	32
TF supporting conventions and action plans	32
TF supporting UNEP staff	22
TF supporting the work programme	32

120. The distinction between single-donor and multiple-donor funds is significant because when a number of countries request the establishment of a trust fund by UNEP, it can be assumed that the fund is meeting a general interest, shared by all the requesting Governments. With a single-donor fund it is for the donor Government to demonstrate the link with a general interest.

121. Trust funds that support conventions are the result of past UNEP efforts to develop international arrangements in the field of the environment. They bear testimony to a successful conclusion of UNEP's catalytic role and only assist countries signatories to the convention in spending their own contributions for purposes that are in line with UNEP's programmes.

122. The trust funds that cover secretariat staff have a modest impact on the UNEP work programme. The majority of such staff are Junior Professional Officers placed at the entry level (L-1 or L-2) of the UNEP scale and thus they cannot be expected to influence policy. They do, however, draw on the supervisors' time while obtaining valuable training and experience, when this time could be devoted to the implementation of the UNEP work programme. A further impact is that Junior Professional Officers tend to be absorbed into the secretariat and thus tilt its geographical balance.

123. Only the trust funds in the third category should be analyzed from the point of view of their impact on the UNEP programme of work. They increase the resources available to the secretariat to develop programmes within the priority areas, over and above the budget allocations of the Governing Council. When such trust funds are found in the same percentage brackets as the subprogrammes of the work programme, they only confirm the Governing Council policy line adopted by consensus. This issue will be examined later in the context of the analysis of the impact of trust funds on the composition of the Environment Programme.

H. THE PROCEDURE FOR ESTABLISHING TRUST FUNDS AND FOR ACCEPTING COUNTERPART CONTRIBUTIONS

124. In a memorandum dated 26 January 1996 and addressed to Heads of departments/offices on the acceptance of voluntary contributions, the United Nations Controller wrote: "I have noted that many staff members are unaware of the Organization's regulations and rules, policies and procedures related to the acceptance of voluntary contributions". In view of the fact that no new instructions have been issued since on this matter, it may be assumed that the statement remains true. The procedures laid down in the administrative instructions AI/284, AI/285 and AI/286 of 1 March 1982, issued by the United Nations Assistant Secretary-General for Financial Services, have been applied to some measure in UNEP.

125. The United Nations form for a proposal to establish a trust fund is found in annex XII to the present report, while the United Nations Model Technical Cooperation Trust Fund Agreement is found in annex XIII.

126. The establishment of trust funds is also subject to article V of the general procedures governing the operations of the Fund of UNEP, and rules 208.2 and 211.2 of the financial rules of the Fund. Article V lists the conditions under which the Executive Director may establish trust funds, with the approval of the Governing Council. The trust funds must be established for specific purposes, consistent with the policies, aims and activities of the Fund. Their purpose and limits must be clearly defined, and they are subject to the financial rules of the Fund. In accordance with article V therefore, trust funds should not have an unlimited time-frame and must relate clearly to the activities of the Environment Fund. Since the approval of the Governing Council is essential for their establishment, trust funds should not start operating before such approval is obtained.

127. The acceptance of counterpart contributions for specific projects is covered by the provisions of article IV, rules 204.1 and Rule 204.2. They may be made in cash or in kind, for the cost of specific services or facilities as set out in individual project documents. Only in cases where they are made by profit-making organizations, is the prior approval of the Council or its subsidiary body required. The list of counterpart contributions received by UNEP in 1998 is shown in annex XIV to the present document, while the top contributors (1998) are highlighted in annex XV.

1. The initial approach

128. There is no special timing for initiating contacts with potential donors on trust fund financing. The initiative may be taken by Permanent Representatives, by meetings of the Parties or by the secretariat. No internal instructions at present cover this phase.

2. Channels for negotiation

129. There is no restriction as to the level of staff who may initiate and conduct negotiations for trust funds. There is no internal clearing mechanism to ensure that parallel negotiations do not take place in different locations, with different potential donors, in order to consolidate such negotiations into a single stream.

3. Level of approval and signature

130. The Executive Director of UNEP delegates to the Deputy Executive Director the approval and signature of the letters of agreement.

4. The substantive involvement of UNEP in the management of trust funds

131. Much less focus has been given to the substantive role of UNEP in the management of trust funds than to the administrative aspects. From the negotiation phase onwards, professional competence is required in the field in which the trust fund will be operating. Once the trust fund is established and operating with its own personnel, the secretariat must retain the capacity to monitor, supervise and internalize the results. If there is no professional dialogue between secretariat and trust fund personnel, there is a real danger that activities may drift away from established UNEP policies, while still engaging the full responsibility of the organization.

132. In the case of trust funds supporting conventions, where ad hoc secretariats or coordinating units have been established, UNEP still retains residual substantive responsibility for any activity developed through its initiative and funding. This residual responsibility is reflected in the efforts to coordinate the various conventions, to promote the exchange of experience between convention secretariats, and between them and UNEP.

133. The signing of a convention does not cancel the responsibility of UNEP for a field, that remains within its mandate and its programme of work. This act is what justifies the role of UNEP as the global clearing house and its capacity to step in when a convention runs into difficulties. The UNEP professional staff dealing with trust funds are financed from the Environment Fund, because of the existing funding structure and the nominal size of the secretariat financed by the regular budget. In that sense it should not be said that the Environment Fund subsidizes the trust funds, since one of its functions is the search for appropriate extrabudgetary resources.

5. Flow of information and access to information by other secretariat Units, Member States, specialized agencies, non-governmental organizations

134. Information on the establishment of trust funds is not circulated in a standard way outside the office directly concerned. At present access to such information is through the official documents.

6. Financial rules adopted by the Conferences of the Parties for trust funds established in support of conventions and action plans

135. When deciding to request UNEP to establish a trust fund in support of a convention, the Conferences of the Parties often adopt financial rules for the administration of the trust fund. Such financial rules may contain an indicative scale for the contributions of the participating countries, or exempt the least developed among them from contributing, and share the difference among the other participants, or even indicate the method for deciding the apportionment of resources (by consensus, majority vote, weighted vote, or by a certain majority of developing and other countries).

136. The representative of UNEP at the Conferences of the Parties should clearly inform the meetings that such financial rules may add to, but not conflict with the United Nations regulations, which UNEP is obliged to apply in administering trust funds. This is exemplified by decision III/24 taken at the third meeting of the Conference of the Parties to the Convention on Biological Diversity on 11 February 1997, in which the Parties decided that the trust fund for the Convention on Biological Diversity should be extended

for a period of two years and that two special funds should be established:

(a) A special voluntary trust fund for additional voluntary contributions to the core budget for approved activities under the Convention on Biological Diversity; and

(b) A special voluntary trust fund for facilitating participation of Parties in the Convention process.

137. The UNEP representative should have pointed out that there were no special trust funds in the United Nations system, and that in order to avoid a proliferation of trust funds the objectives of the Parties could have been met by adding a corresponding budget line in the existing trust fund for the Convention.

7. Special reporting requirements

138. Experience has shown that donors often insist on special reporting requirements, in terms of timing, formats, etc., to fit their respective programme cycles. For example, GEF requires financial reports by fiscal year (July to June) like at the World Bank, rather than by calendar year, as is the United Nations practice. It also requires audited accounts for all GEF income and expenditures. Some special reporting requirements are foreseen in the United Nations regulations, but UNEP should decide on whether at any point they impose an excessive burden on the administration or not.

8. Reporting and evaluation of trust-fund activities

139. The Administrative Instructions (ST/AI/284) and (ST/AI/285) issued by the Assistant Secretary-General for Financial services on 1 March 1982, specifically mention substantive progress reports and overall substantive review of the implementation of technical cooperation trusts fund projects. There can be no doubt that the latter expression includes evaluation, because evaluation is specifically mentioned under paragraph 17 (e)(v) of the Secretary-General's bulletin as one of the functional responsibilities of the secretariat, and is indirectly confirmed by the bulletin's reference to procedures of the organization in paragraph 9, which include evaluation.

9. Assessment of the approval procedure

140. At present, UNEP does not have standard policy guidelines for use by staff in initiating, conducting and concluding trust fund and counterpart contribution arrangements. It is recommended that such a policy be adopted to cover the differentiated objectives of trust fund and counterpart contributions, that the functional levels authorized to conduct negotiations be determined, that in-house clearance and information flows be indicated and that the standard format for agreements be included.

141. The flow chart that appears in annexes XVI, XVII and XVIII to the present study reflect UNON practice in administering trust funds and counterpart contributions once they are established. For the sake of comparison the GEF project cycle process shown in annex XIX has a clear step-by-step approach. It is recommended that a simplified step-by-step chart be developed for the guidance of staff and external donor agencies to complement the policy guidelines mentioned earlier.

I. THE CHARGING AND USE OF ADMINISTRATIVE COSTS

142. Few administrative issues have caused more misunderstanding between the Governing Council and the secretariat and resulted in more acrimonious exchanges, than the question of the overhead or administrative costs charged by UNEP on extrabudgetary funds. Questions raised have been interpreted as a challenge to the system and a desire to abolish it, when in reality the right to know is not the same as the authority to change. The Governing Council is fully entitled to raise questions until a perfectly satisfactory picture is presented to it, but at the same time the matter remains within the purview of the General Assembly. The debate has therefore continued with the last reference to the issue by the Governing Council being its resolution 20/35 of 4 February 1999.

143. It is surprising that after 20 regular sessions and five special sessions of the Governing Council, the nature and extent of the administrative functions in UNEP (now UNON) are not yet clearly understood and that the debate revolves exclusively around the 13 per cent figure which covers the cost of those functions.

144. A report by the Executive Director, document UNEP/GC.20/26, contains a table which gives the impression that percentages are being applied completely at random, ranging from the full 13 per cent through 12.7, 12.5, 12.4, 11.8, 10.6, 9.8, down to 5.8 per cent, with no two figures being the same. In fact, as the footnote explains, these figures are obtained by adding to each trust fund the corresponding counterpart contribution, for which no administrative costs are charged, and then showing the resulting average levy. If the two components are kept separate, using the figures provided in the document, a consistent pattern is then in fact seen to be applied.

Table 4: Administrative charges of trust funds

Trust fund	Admin. charge	Counterpart contributions	Admin. charge
CMS Bonn	13 per cent	37.6	Nil
CBD Montreal	13 per cent	nil	Nil
CITES Geneva	13 per cent	953.3	Nil
Basel Convention Geneva	13 per cent	217.9	Nil
Ozone Nairobi	13 per cent	325.9	Nil
MEDU Athens	13 per cent	250.7	Nil
CAR/RCU Kingston	13 per cent	386.7	Nil
Other Trust Funds	12.7 per cent	nil	Nil
Multilateral Fund Secretariat	13 per cent		
Multilateral Fund	nil		
GEF	to be calculated		
Turner Foundation	5 per cent		

CBD Convention on Biological Diversity
 MEDU Mediterranean Action Plan Coordinating Unit

145. The above table shows that counterpart contributions are being administered by staff paid for by other budget sources, to perform all those functions (travel arrangements, purchasing, accounting, reporting) that the specific counterpart contribution requires.

146. Even with reference to the implementation of the Environment Fund programme, the Governing Council has often used the formula "within existing resources" in order to include activities in the programme without making the corresponding budget provision. The Council has thus requested the secretariat to support those activities at the expense of others that were properly financed, contrary to proper programme budgeting. This practice is not correct, so therefore either the reference should be made to financing under the programme reserve, or the secretariat should be instructed to seek extrabudgetary resources.

147. The Governing Council has now decided that counterpart contributions, projected at 20 million dollars for the 1999-2000 biennium, should be charged normal management costs. The counterpart contributions, many of which are not linked to any trust fund, have developed into very many projects requiring the same type of project and administrative support as the trust funds themselves.

1. Management and administrative charges in other programmes

148. It may be useful to compare management and administrative charges in other programmes. For instance, in the United Nations regular budget, under section 12, the ratio of policy direction and management to activities is 40.5 per cent. In the Environment Fund the ratio of the management and administrative support costs to Fund programme activities was 57.6 per cent in 1996 and 42 per cent in 1997. In the GEF pilot phase the UNEP/STAP/administrative office ratio to the work programme was 39.5 per cent. In UNDP the average ratio of administrative expense to annual expenditure over ten years (1980-1990) was 31.6 per cent. UNDP admits an administrative expense ratio to total programme of 22.6 per cent, maintaining that as cost measurements have tended to confirm, the 13 per cent reimbursement rate covers only about half of the average total cost.

2. What administrative charges cover

149. The regular budget and the Management and Administrative Support Costs (MASC) component of the Environment Fund are scaled to the core functions of the secretariat and to the delivery of the Fund programme activities. No one has questioned the need for UNEP to charge administrative costs to the extrabudgetary funds it is given to administer. The questions being asked concern the nature of such expenditures. The administrative functions can be easily obtained from the title of the units that perform them, listed in the UNON organizational chart, in annex XX. A full description can be obtained from a few key documents: the Financial Rules and Regulations of the United Nations; the rules governing the use of the Fund; the UNEP Manual on Project Formulation, Approval, Monitoring and Evaluation; and the GEF Operational Strategy Manual.

3. Changes in administrative and office procedures

150. The 13 per cent administrative charge has remained unchanged since 1980. During this time office procedures and administrative work have been completely revolutionized by technological advances. The 1980s were the years of typewriter, telex machines, stencils cut for document reproduction, long-distance phone calls made through the operator, and bookkeeping done by clerks using calculators. In contrast, 1999 was part of the era of word processors and e-mail, photocopiers and tailor-made computer programmes for accounting.

151. These changes inevitably reduce the burden of administering projects, but other aspects have nevertheless remained unchanged or have even increased, such as the need to obtain clearance from many more dispersed offices and convene meetings for collective decision-making or resolving of differences. The combined impact of such changes can only be assessed for the United Nations system as a whole.

4. The fee-based system for funding Global Environment Facility project implementation

152. In May 1999, the GEF Council approved a new system for the reimbursement of costs incurred by the Implementing Agencies in the implementation and execution of GEF projects. In contrast to the United Nations system of a single administrative charge, calculated on the actual expenditures of the project, GEF will pay a combination of the following:

(a) A corporate budget will be paid to the Implementing Agencies to cover corporate management costs, as opposed to project-directed costs;

(b) Project preparation costs will continue to be funded separately through the Project Preparation and Development Facility (PDF). PDF projects do not warrant an Implementing Agency fee, described in (c) below;

(c) Implementing Agency fees will be paid on a flat-rate basis depending on the project type, and will cover the lifetime of the project. Four project types have been identified:

(i) Investment, with a flat fee of \$942,000;

(ii) Technical assistance projects, with a flat fee of \$382,000;

(iii) Medium-size projects, with a flat fee of \$146,000;

(iv) Expedited enabling activities, with a flat fee of \$54,000.

153. An agreed annual inflation factor will be applied to the fee structure.

154. A supplementary fee can be provided if there is justification, for example where there is a project covering several regions or countries.

155. Executing agency fees, negotiated separately by the Implementing Agency for each project, will be incorporated - but clearly identified - in the project grant allocation.

156. The combined effect of these payments on individual project costs can only be calculated on ex post basis, but is likely to be significantly higher than 13 per cent of project grant, unless the projects reach a level of \$3 million, \$ 1.5 million and \$ 0.5 million respectively in the three categories of technical assistance, medium-sized projects and expedited enabling activities. The question has been asked whether this fee-based system could be applied to the UNEP-administered trust funds and how that would affect the level of administrative charges.

157. There are some structural differences that must be taken into account. Indeed, GEF is a single funding source dealing with three Implementing Agencies, while in the case of UNEP there are more than a hundred funding sources (the donors) dealing with a single Implementing Agency. The non-project directed costs (the corporate budget in (a) above) could not be shared among a large number of donors, without being tied in some way to the number and size of the trust funds they finance.

158. In order to charge project preparation costs separately (as in (b) above) UNEP would need to develop a system of preparatory mini trust funds. UNEP trust funds do not easily lend themselves to categorizations, as previously mentioned. Major difficulties would rise if the four GEF project types (as in (c) above) were to be applied to the eighty-six UNEP trust funds.

159. Many UNEP trust funds, especially those in support of conventions, are open-ended in nature. A one-time flat fee would not cover costs encountered over 10 or 20 years. GEF projects, by contrast, are designed with a shorter life span. The application of a flat fee would force UNEP to cut its ties with ongoing trust funds after an initial period. The fee system alone, without its three complementary elements, i.e., the GEF Project Preparation Development Facility, the enabling activity fees and the Implementing Agency corporate management fees, would have to be substantially increased in order to absorb such trust funds. There are no elements in the GEF study to allow them to be taken into consideration, this could only be approached on the basis of experience.

160. Furthermore, the considerable spread in the size of UNEP trust funds has already been noted. The same flat fee could not be applied to the \$12 million or more Trust Fund for Protection of the Mediterranean and to a \$50,000 trust fund. In the case of a middle-level UNEP trust fund, of around \$700,000, the applicable flat fee would depend on how the project was classified. If it was categorized as a technical assistance project, it would attract a fee of \$382,000 which would be equivalent to a 54 per cent administrative charge. If it was categorized as a medium-size project, it would receive \$146,000, or an administrative charge of 20 per cent.

161. The flat-fee system would require Implementing Agencies to standardize their financial management practices although if they are compatible with those of the United Nations, there would be no problem. Should they differ substantially, UNEP and UNDP may find it difficult to reconcile them with the standing instructions on the management of United Nations trust funds.

162. Before the issue of the applicability of the fee system to UNEP trust funds can be addressed, it would be necessary to conduct an in-house study of the types of servicing required by various types of trust funds. So long as the UNEP trust funds continue to vary considerably in size and duration, it

will not be possible to apply a fee-based system.

II. ANALYSIS AND EVALUATION

A. THE IMPACT OF TRUST FUNDS ON THE ENVIRONMENT FUND

163. The question is often asked as to whether trust funds are pulling resources away from the Environment Fund. Sometimes it is pointed out that if all extrabudgetary sources were added to the Environment Fund, the Fund would top \$340 million in the next biennium. Such simple arithmetic ignores the fact, however, that the level of the Environment Fund is the result of a political decision and that extrabudgetary funding comes from different ministries, the private sector and individuals who are not influenced by those political decisions.

164. The level of the Environment Fund is not constrained by the countries' capacity to pay, since many emerging economies top the list of exporters in their region and boast record-breaking achievements in many economic fields. Some of them contribute nominal sums to the Environment Fund, but have no difficulty in meeting the GEF \$4 million minimum contribution.

165. Trust fund projects and personnel add to the overall capability of UNEP and increase its capacity to attract contributions to the Environment Fund. In a total disaster scenario, the closure of all trust funds would mean the departure of half the staff of UNEP, and that all the regional coordinating units, as well as more than half the ongoing activities would come to a halt. The organization would not be able to attract even the present level of contributions to the Environment Fund.

166. The table in annex XXI to the present study compares the share of the top 20 contributors to the Environment Fund, with their share in the regular budget, trust funds and counterpart contributions and GEF.

167. The table shows that their share diminishes in the trust funds, and that the use of trust funds reduces, although marginally, the weight of developed countries. A further expansion of trust funds would further enlarge the base of the financial support for UNEP.

Table 5. Share of major contributors in the various sources

Share of top 20 contributors	Environment Fund	Trust funds and counterpart contributions	GEF	United Nations regular budget
	96.7	91.58	94.46	85.03

B. THE IMPACT OF TRUST FUNDS ON THE POLICY-MAKING ROLE OF THE GOVERNING COUNCIL

168. It is easy to understand the growing concern of the Governing Council over the proliferation of trust funds. An increasing volume of the activities

of UNEP takes place without a prior debate in the Governing Council and the limited information the Governing Council receives on them causes incorrect impressions to be formed.

169. No single cause can be identified, because the Executive Director is acting within his prerogatives in negotiating extrabudgetary resources. The donors are in fact providing additional resources to the programme and there have been no complaints from the beneficiaries. It is the system as a whole that causes uneasiness in the Governing Council and the fact that some questions submitted to the secretariat on routine administrative matters have received cursory replies or not even been answered. The Governing Council is reacting to a creeping change in the UNEP sources of financing documented in this study, and needs to have a full debate that would clear the air and help rebuild full understanding.

170. The Governing Council has indeed been by-passed, if not formally at least substantively, in the matter of approval of trust funds, their extension and closure. Its decisions are made on the basis of lists of trust funds for which little more than the title is provided. No rationale is given, nor the list of countries requesting it, and there is no indication of the funds involved or the activities envisaged. This shortcoming could be remedied by a concise presentation consisting of one page per trust fund, which is not an excessive demand considering that half of the programme of UNEP depends on it.

171. The secretariat has pointed out that the Governing Council itself requested a reduction in documentation, and that information on the financial aspects of all ongoing trust funds (both contribution and expenditures) are contained in full in the Financial Report and Accounts of the Environment Fund which is available on request, but not part of Governing Council documentation.

172. On the other issue of administrative overheads, more transparency would dispel misapprehensions. An indication of all the different steps taken by UNON and UNEP units in order to service the trust funds in accordance with the United Nations rules, is likely to satisfy the Governing Council. No delegation is in favour of more relaxed and superficial controls when it comes to spending public funds. Newly appointed Permanent Representatives and first time participants in Governing Council sessions, who represent the majority of participants, would appreciate it.

173. An effort should also be made to relate the trust funds more systematically to the approved programme budget and medium-term plan. This would show that many long-term trust funds are practically in the core UNEP activities, just as their regional coordinating units are stable features of the secretariat. The need for a supplementary programme of trust funds to build upon the available Environment Fund resources would also be easy to establish, as would be the need for ad hoc responses to unforeseen emergency situations.

C. THE IMPACT OF TRUST FUNDS ON THE COMPOSITION AND DIRECTION OF THE PROGRAMME

174. Concern has been expressed by developing countries that the system of trust funds and counterpart contributions affects the composition and balance

of the work programme and skews it in favour of the agenda of the developed donor countries. It should be said, however, that no such agenda has been formally declared and that donors do not coordinate their trust fund initiatives, with the exception perhaps of the Nordic countries. In practice donors can be seen to be competing among themselves for good projects since there is no Paris Club or clearing-house for environmental assistance.

175. Document UNEP/GC.20/25 on management of trust funds and counterpart contributions distributes expenditures from the trust funds (but not the counterpart contributions) among the five subprogrammes of the Environment Fund programme, comparing the results with the Environment Fund programme. The issue can be addressed at two levels, either by analyzing the trust funds figures, or by analyzing the procedures in the secretariat and the Governing Council leading to the establishment of trust funds.

176. When considering the figures, it is important to separate trust funds that support conventions and action plans (which do not influence the composition of the current UNEP programme) and trust funds that support the work of UNEP. If this distinction is not clearly made, any reference to total trust fund figures will distort the picture and will not be useful to the analysis.

177. The 32 trust funds that support conventions and action plans do not alter the composition of the programme because they fit specific decisions of the Council that led to or supported the adoption of those conventions. The 22 trust funds that support staff are almost totally for Junior Professional Officers and have a limited impact on the work programme. The 32 trust funds that support the work programme are the ones that would benefit from a more informed review by the Governing Council at the time of approval.

178. The UNEP policy on Junior Professional Officers stresses the importance of providing them with training in all aspects of their job including computing, writing skills, drafting United Nations reports, project preparation, presentations, etc. They should also attend training courses, seminars, workshops or conferences to further their own knowledge or share their insights with other professionals. The substantive supervising officer is meant to ensure that the Junior Professional Officers are given a complete introduction to the work of UNEP and of the particular section to which they are assigned. The normal duration of an assignment for a Junior Professional Officer is two years, which can be extended to three years, and in some cases to four or five years.

179. The time spent by the professional staff in supervising them is not recorded. Neither is the amount of work contributed by the Junior Professional Officers to the units to which they are assigned recorded or evaluated. On balance, since only 12 per cent administrative overheads are paid with no reimbursement for the training and supervision element, the donor Governments are the net beneficiaries of this group of trust funds.

180. Internal procedures for negotiating trust funds before an agreement is reached, such as the flow of information, clearances and the extent of justification of the support the trust funds is expected to provide to the UNEP work programme, all have an effect on the type of trust funds that are established.

181. The lack of a strategy for trust-fund targeting deprives the secretariat of a mechanism for controlling and influencing the area in which trust funds are established. The extent to which the Governing Council is involved in the approval of trust funds also has a major influence on this issue. The current practice is that the Governing Council gives its approval on the basis of a document that provides little more than the title of the proposed trust funds.

182. It must be stressed that the Governing Council has never refused to give approval to any new trust funds, or to any extension and closure, as proposed by the secretariat. This can be taken as an indication that the Governing

Council is satisfied with the amount of information it receives. The repeated discussions on trust funds at Committee of Permanent Representatives meetings would seem, however, to indicate otherwise. Perhaps only a specific discussion on trust funds at a future Governing Council may fully air the views of Member States and provide unambiguous policy guidance to the secretariat.

183. With the exception of trust funds supporting conventions and staff, those supporting programme components have been grouped by subprogrammes in document UNEP/GC.20/25. Further details may be found in the table in annex XXI to the present study. This table shows the extent to which the fields that the trust funds support are consistent with the priorities set by the Governing Council.

Table 6. Impact of system on the programme

	ENVIRONMENT FUND	TRUST FUNDS SUPPORTING PROGRAMME COMPONENTS	ALL TRUST FUNDS
SP.1	16.2%	6.7%	29.6%
SP.2	30.9%	3.8%	9.8%
SP.3	22.4%	45.0%	12.1%
SP.4	16.8%	24.1%	9.5%
SP.5	13.7%	20.4%	39.0%

184. The impact is more likely to come from GEF, which has its own programme priorities and operates under policy instructions over which the Governing Council has no influence.

185. In view of the country-driven approach of GEF almost all UNEP-executed projects are country-level, capacity-building and operational in nature. Consequently, since staff are engaged in the preparation and management of these projects, UNEP is diverted from its global and regional mandate, its role of policy-making and coordination of the United Nations system and its task of catalyzing the development of scientific and technical analysis, while advancing

environmental management in GEF-financed activities. The UNEP role in GEF may become indistinguishable from that of UNDP, which was assigned the task of capacity-building within the GEF programme.

D. THE IMPACT OF TRUST FUNDS ON STAFFING

186. Project personnel is an important component of trust funds expenditures (see annex XXII to the present document). Such personnel often work alongside UNEP staff whose posts are financed out of the regular budget and the Environment Fund. The main issues that have been encountered concern selection procedures, type of appointment, grading of posts and job security.

1. Selection procedures

187. The Secretary-General's bulletin on the establishment and management of trust funds states in section 30: 'A prospective donor should be made aware that the engagement of personnel and procurement of supplies or supplies or equipment financed from trust funds are subject to the regulations, rules, policies and procedures of the organization.' On the matter of selection procedures it has been the practice that against posts established under trust funds the candidate identified by the donor Government will be placed without going through the normal appointment procedure. The United Nations Headquarters has not challenged this practice. The General Assembly has indicated, however, that the practice of using personnel gratuitously must cease by 28 February 1999 at the latest. Junior Professional Officers are routinely appointed without going through the competitive procedure.

2. Type of appointment

188. For all posts established under trust funds, appointments are made under the L 200 series of staff rules applicable to technical cooperation personnel. The United Nations has since ruled that it is the function of the post that should determine the type of appointment. Technical cooperation personnel (i.e. 200 series staff) shall not be assigned to any established office to carry out the substantive programmes or to perform the support or service functions which are the direct responsibility of the Secretary-General. Furthermore, project personnel are not normally assigned to an office in New York, Vienna or Nairobi. For all other personnel, there is no prohibition on the P 100 series for trust-fund appointments.

3. Grading of posts

189. On the matter of grading, the job description and classification of posts established under trust funds, usually follow the establishment of the fund and the designation of the proposed personnel, reversing the normal personnel procedure. This may lead to inflating the level of the post to fit the candidate's expected earnings, which the donor Government is willing to cover. When levels assigned do not correspond to the candidate's functions or qualifications, this practice upsets the internal grading structure of the secretariat. The table in annex XXIII shows, however, that the incidence of posts at P-5 and above in trust funds is the lowest among all sources of financing (28 out of 257 posts compared with 85 out of 257 for UNEP as a whole).

4. Job security

190. Trust funds may also have a bearing on job security, for example in times of uncertainty over Environment Fund resources. At such times, trust-fund-supported personnel enjoy a greater level of job security as their posts are fully funded. The main area in personnel matters that requires clarification is the appointment procedure for staff (i.e. above the level of Junior Professional Officers) whose functions impact on the substantive programme of UNEP. Recommendations in this regard are made in the third part of the present report.

E. THE IMPACT OF TRUST FUNDS ON PROCUREMENT

191. The impact of trust funds on procurement is similar to that on staffing. The normal procedures of open bidding for the procurement of goods and services on the open market at the most favourable conditions cannot be followed whenever the trust fund requires that the goods be obtained from the donor, or when the goods themselves constitute the contribution in kind. The Mercure telecommunications system, although not strictly speaking a trust fund, is a case in point.

F. THE IMPACT OF TRUST FUNDS ON THE LOCATION OF THE UNITED NATIONS

ENVIRONMENT PROGRAMME ACTIVITIES

192. The single donor often requires that the coordinating unit for the activity it finances be located in its country. Besides adding visibility to the gesture, this ensures that some of the outlay, and often some additional project components, are spent in the country itself, which is a major argument with national financial authorities whose approval is required for the disbursement.

193. In multiple-donor trust funds the political body controlling the fund makes the decision on location and the country selected often consents to an additional counterpart contribution in order to secure the deal. The location of offices and duty stations of trust fund staff are shown in annex XXIV to the present study.

194. It may be argued, in specific cases, that the location of a centre in a given country was based solely on technical or practical considerations, and that after the choice was made the country agreed to make a substantial contribution to the trust fund. Only a detailed study of the file may determine the exact sequence of events. The scattering of UNEP projects has both positive and negative effects. On the positive side, it adds to the visibility of the work of the organization and involves the host countries more closely in its work. On the negative side, it reduces the synergies between programme elements and increases costs.

G. THE ADVANTAGES FOR THE UNITED NATIONS ENVIRONMENT PROGRAMME

195. The system of trust funds has distinct advantages for UNEP as an organization. It widens the source of financial support beyond the traditional channels in Governments; it taps resources from other ministries, local authorities, or the private sector; and it complements the Environment Fund at times of stagnation or when some major contributor cuts down on pledges. It also represents the one source that has not been used to its full potential, considering the resources being channeled by Governments, foundations and wealthy individuals through non-governmental organizations.

196. A more donor-friendly presentation of UNEP programmes, less recourse to prohibitions and access to UNEP trust funds on the internet coupled with a simplification of procedures for donations, may bring fresh resources to a number of high-visibility projects and free resources from the Environment Fund for the essential tasks of promoting cutting-edge issues and bringing the weight of the entire United Nations system to bear on them.

H. THE ADVANTAGES FOR THE DONORS

197. The donor country also benefits from trust funds by saving on personnel costs, using established administrative mechanisms and participating in intergovernmental programmes developed at considerable cost by UNEP. Moreover, by placing staff under trust funds in the UNEP secretariat, donors obtain direct and early access to data, privileged contacts with third Governments and an advantage in subsequent regular recruitment.

198. The advantages for both donors and UNEP explain the rapid and consistent growth of trust funds in UNEP and, on this basis the present study recommends their continued use. At the same time some negative repercussions need to be addressed on which specific recommendations will be made in the following section of the study.

III. CONCLUSIONS AND RECOMMENDATIONS

A. RE-ESTABLISHING THE AUTHORITY OF THE GOVERNING COUNCIL OVER THE UNITED NATIONS ENVIRONMENT PROGRAMME AS A WHOLE

199. In light of the role of the UNEP organs mentioned in the first part of the present document, it is imperative to bring all components of the Programme under the authority of the Governing Council. There are two extreme approaches which are not recommended for consideration. The Governing Council could either prohibit the use of trust funds and counterpart contributions or give a blanket authorization for their use. The prohibition would significantly reduce the resources available to UNEP, diverting them to other perhaps less qualified entities, and would in any case clash with established United Nations practice that prescribes the frequent use of trust funds and counterpart contributions. Prohibition is, therefore, not recommended as an option. Blanket approval for the secretariat to continue negotiating with individual donors, as in the past, would undermine the authority of the Governing Council and is not an option either.

B. SETTING UP GUIDELINES FOR THE USE OF TRUST FUNDS AND

COUNTERPART CONTRIBUTIONS

200. It is recommended that the Governing Council conduct a review of the entire question and adopts a resolution specifically endorsing the use of trust fund and counterpart contributions on the basis of agreed principles that should:

(a) Re-confirm the Executive Director's authority to negotiate and accept trust funds and counterpart contributions;

(b) Re-state the authority of the Governing Council in terms of giving direction to and coordinating the Environment Programme as a whole;

(c) Re-confirm the central role of the Environment Fund in financing the Environment Programmes; and

(d) Remedy some of the undesirable effects of some current practices that have evolved over time.

201. It is suggested that the following set of principles be adopted.

1. Pre-eminence of the Environment Fund

202. As the title would suggest no trust fund contributions should be accepted from Member States who have not paid up their pledges to the Environment Fund. The secretariat should be instructed to apply banking rules by which payments received are first used to cover outstanding negative balances, which in this case would be unpaid pledged contributions from the Member State concerned. This principle would go a long way towards redressing the imbalance between contributions to the Environment Fund and those channeled through trust funds, and would be seen to be in line with General Assembly resolution 2997 (XXVII) which instituted the Environment Fund.

203. A second consequence of the pre-eminence of the Environment Fund would be that no trust fund activities would be allowed outside approved budget lines, on new and emerging issues that the Governing Council has not had a chance to consider. For such issues the Environment Programme reserve should be used first.

2. Supplementary nature of trust funds and counterpart contributions

204. What the title means is that trust funds may not be used to skew the budget percentages approved by a consensus in the Governing Council after extensive negotiations. The approved percentages must be deemed to reflect the combined will of the Governing Council both on the relative order of priority of the issues included in the programme, and on the main work of the secretariat during the subsequent programme period.

205. The present report suggests that an amount double that of the approved subprogramme should apply across the board. It has the advantage of being simple and of respecting the relative importance of the subprogrammes, as approved by the Governing Council.

206. In order not to place too low a limit on the amount of trust fund money that may be raised, a mechanism for exceeding the proposed 200 per cent limit is suggested under C below, taking into account that the Governing Council, in approving the programme budget, already allows the Executive Director a 20 per cent flexibility margin between budget lines. This is meant to pick up slack from budget lines that for any reason are not being spent as planned, in order to transfer the unused resources to other budget lines that have reached their spending limit.

3. Approval mechanism for exceeding the proposed 200 per cent limit per subprogramme

207. Environmental emergencies may typically require additional trust fund financing, prior to the following session of the Governing Council. The secretariat should be allowed to seek and accept such financing. It is recommended that acceptance of such additional resources be authorized through a simplified procedure by the Committee of Permanent Representatives on the basis of a full justification.

4. Policy and direction to be undertaken by the secretariat's substantive personnel

208. Trust fund personnel cannot operate on their own, in the absence of policy guidance from the secretariat, or undertake policy-setting functions in their field of activity. The substantive unit head responsible for each trust fund should be identified in the project files and accounts documents, in addition to the fund management officer.

The responsibilities of the substantive officer might involve the full management of the fund activities or simply consist in an overseeing function.

5. Transparency in management of trust funds

209. It is recommended that transparency be also adopted as a principle governing the setting-up of trust funds as a means of encouraging more countries to contribute to them. Transparency would be enhanced by the adoption of a cycle for the negotiation and setting-up of trust funds, that could start soon after the adoption of the programme of work and budget by the Governing Council, and end with the Executive Director's report to the following session.

210. Member States should be given access to a UNEP web-site on which the title and purpose of trust funds being negotiated are made available. This would place countries that are not current members of the Governing Council and do not operate through embassies in Nairobi on an equal footing. Other countries may thus be encouraged to join a proposed trust fund and add their resources to it, thus turning it into a multilateral rather than single-donor trust fund. The single-donor trust fund would still be acceptable if no other country showed an interest in joining, after being offered an opportunity to do so. As far as reporting is concerned, both activities and staff, financed by trust funds, should be clearly identified as such.

6. Accountability for trust funds

211. Activities carried out under trust-fund and counterpart-contribution financing should form part of the regular reporting of activities by the Executive Director to the Governing Council. Reporting should follow the format recommended by the Advisory Committee on Administrative and Budgetary Questions and should replace the individual reporting now insisted upon by many donors, with each one adopting formats and timetables that suit their respective requirements and timetables. This reporting results in a heavy burden on the staff who administer trusts funds.

212. Such reporting would simultaneously provide the Governing Council with a true and full picture of the work that the secretariat carries out during a given programme period. Once trust fund activities are reported to the Governing Council as a routine matter, a great deal of secretariat work that now remains submerged and is known only to the individual donors, would become fully appreciated by the rest of the Member States.

C. ACTION TO BE TAKEN BY UNITED NATIONS ENVIRONMENT PROGRAMME TO PROMOTE THE FLOW OF EXTRABUDGETARY RESOURCES TO THE PROGRAMME

213. It is recommended that UNEP issue policy guidelines on the use of trust funds and counterpart contributions which would:

- (a) Reaffirm the need to keep the Governing Council more fully informed and involved;
- (b) Clarify their role as a complement to the Environment Fund;
- (c) Introduce a strategy for their development within the medium-term plan and in support of the environment programme, thus keeping UNEP one step ahead of the donors;
- (d) Reduce progressively small trust funds and promote the use of umbrella trust funds to facilitate handling and control;
- (e) Assign responsibility for ensuring the in-house flow of information on extrabudgetary funding initiatives;
- (f) Allow electronic access to information on trust funds by potential donors; and
- (g) Confirm that those trust funds are subject to the normal UNEP evaluation procedures.

214. It is recommended that a multi-year funding framework, harmonized with the medium-term plan be developed, taking into account the fact that there is no conflict between contributions to the Environment Fund and to those trust funds. Any approach to donors requires a pipeline of well-developed projects, as funding is rarely directed at the structure, but rather at activities that are seen as important. It is also recommended that a study similar to the GEF Working Paper Number 10 be carried out to document motives of UNEP and expectations in relation to GEF.

215. It is further recommended that it be established why so few GEF (UNEP) projects are geared towards catalyzing

the development of scientific and technical analysis and none are aimed at advancing environmental management in GEF-financed activities, in line with the role assigned to UNEP as a GEF Implementing Agency.

D. ACTION TO BE TAKEN BY THE UNITED NATIONS OFFICE AT NAIROBI

216. It is recommended that UNON, in conjunction with UNEP:

(a) Issue a simplified, step-by-step instruction on the negotiation, approval and management of trust funds and counterpart contributions for the use of staff and donors; and

(b) Consider initiating an internal study of a possible four-tier approach to the management of trust funds, namely:

(i) Only treasury functions;

(ii) Only treasury and personnel functions;

(iii) Support of convention secretariats (all functions, shared with regional coordinating units); and

(iv) Full in-house handling of all aspects of a trust fund.

217. It is recommended that:

(a) All trust fund and counterpart contribution files identify the UNEP substantive officer responsible for overseeing the project. This cannot be the Executive Director, nor the staff recruited under the trust fund itself, nor a UNON staff member;

(b) The handling of small counterpart projects be streamlined in order to bring the administrative expenses in line with the limited overhead such projects will generate;

(c) A cooling-off period be enforced before approving new projects with those agencies responsible for unduly delaying the submission of reports and the closure of a previous one.

218. With regard to personnel matters, it is recommended that:

(a) A policy be adopted for the guidance of the Human Resources Management Service and of prospective donors which will:

- (i) Confirm that trust fund personnel who do not perform technical cooperation functions, may be given P 100 series appointment limited to the post only;
- (ii) Clarify that such positions may be financed from either general or technical cooperation trust funds;
- (iii) Limit such appointments to one year or less under the present agreements; and
- (iv) Introduce a form of limited competitive process such as a request for the donor Government to identify three candidates, coupled with a search from the roster. This would still give trust fund personnel a distinct advantage in appointment, as they are not limited by the nationality quota system, and would go some way towards reducing the present differences. This recommendation should be consistent with the powers delegated to the Executive Director of UNEP.

E. CONCLUDING REMARKS: A VISION OF UNEP

219. The issue of trust funds and counterpart contributions is not a restrictive, technical one, but rather is closely linked to the vision of the present and future role of UNEP. One is tempted to ask whether UNEP is going to be an organization that is resource-driven (a better description would be resource-constrained) in which available funds determine the scope of its activities? In which case the Governing Council's main role would be to decide on the level of contributions to the Environment Fund, apportioning them among the seven subprogrammes and 26 budget lines. The role of the secretariat would accordingly be to execute such a programme.

220. From such a perspective, trust funds could indeed be seen as an interference with the Environment Fund mechanism, distorting its balance, allowing rich donors to introduce conditionalities and earmarkings of resources, giving too much power to the secretariat, and turning the focus of the presence of UNEP towards the developed countries.

221. The alternative vision is one of UNEP as an organization that is objective-driven, in which the quality and nature of the initiatives ultimately determine the funding it receives. With all its four components, UNEP strives to achieve global progress in the field of the environment, by using a panoply of instruments, some moral, some political and some financial (of which the Environment Fund is only one). In this context, an enlarged and transparent portfolio on trust funds and counterpart contributions bears testimony to the catalytic and leveraging role of UNEP, further justifies the support the General Assembly provides from the regular budget, attracts Environment Fund voluntary resources, and indicates the donors' confidence in the managerial and administrative capabilities of UNEP.

222. The United Nations Environment Programme is now well on this second road, as clearly testified by the growth and diversity of its extrabudgetary resources. There are some obstacles, however, that impede progress in that direction, which the present report has tried to point out. They have given rise to some of the concerns expressed in the previous paragraph, which condenses views expressed in Governing Council and Committee of Permanent Representatives forums.

223. The concerns in question cannot be brushed aside and must be addressed by taking appropriate measures along the lines suggested in the present report. The measures suggested require action by several stakeholders, in and outside UNEP, who hopefully, all share a forward-looking vision of UNEP as the focal point for environmental action within the United Nations system. Removing such misapprehensions would be like releasing a brake and thereby, allowing UNEP to surge forward to accomplish the great task for which it has been created.

F. ACKNOWLEDGEMENTS

224. The consultants wish to acknowledge with gratitude the cooperation they received in the collection and analysis of data from the officials contacted and many others whose names are not mentioned in the present study. Their willingness to volunteer comments and suggestions arose out of a genuine interest in the secretariat to clarify issues

and misunderstandings which may have arisen in the past with respect to trust funds.

Terms of Reference

Management Study on Trust Funds and Counterpart Contributions

I. Introduction

The United Nations Conference on the Human Environment in 1972 made the following resolutions in relation to Institutional and Financial arrangements:

1. Recommends that the General Assembly establish a Governing Council for Environment Programmes composed of 54 members elected for three years terms on the basis of equitable geographical distribution.
2. Recommends that a small secretariat be established in the United Nations to serve as a focal point for environmental action and coordination within the United Nations System in such a way as to ensure a high degree of effective management.
3. Recommends that, in order to provide for additional financing for environmental programmes, a voluntary fund be established in accordance with existing United Nations financial procedures.
4. Recommends further that, in order to enable the Governing Council to fulfil its policy guidance role for the direction and coordination of environmental activities, the Environment Fund finance wholly or partly the costs of the new environmental initiatives undertaken within the United Nations System.
5. Recommends that costs for servicing the Governing Council and providing the small core secretariat be borne by the regular budget of the United Nations. Operational programme costs, programme support and administrative costs of the Fund shall be borne by the Fund.

6. Recommends that, in the implementation of programmes to be financed by the Fund, organisations outside the United Nations system, particularly those in the countries and regions concerned, also be utilised as appropriate, in accordance with the procedures established by Governing Council; such organizations are invited to support the United Nations Environmental Programmes by complementary initiatives and contributions.

General Assembly Resolution 2997(XXVII) Institutional and financial arrangements for international environmental cooperation decided to establish the Governing Council of the United Nations Environmental Programme to be composed of 58 members elected by the General Assembly.

The General Assembly also established a small secretariat in the United Nations to serve as a focal point for environmental action and coordination. The resolution also established an Environment Fund in order to provide additional financing for environmental programmes. Contributions to the Fund would be on a voluntary basis. The General Assembly essentially adopted the recommendations of the Declaration of the United Nations Conference on the Human Environment with minor modifications.

The General Assembly under this resolution also established the Environment Coordination Board under the Chairmanship of the UNEP Executive Director. The Board was established under the auspices and within the framework of the Administrative Committee on Coordination in order to provide for the most efficient co-ordination of the United Nations Environment Programmes.

II. The Scope of the Evaluation

- (a) The evaluation must examine UNEP's four (4) sub-organs as well as determine how they were established and their functions. These are:
 - (i) UNEP Governing Council.
 - (ii) UNEP Secretariat.

- (iii) UNEP Environment Fund and
- (iv) Environment and Coordination Board.
- (b) The evaluation must further examine the roles and functions of the
 - (i) Regular Budget.
 - (ii) Environment Fund.
 - EF - management, administrative and support costs.
 - EF - Programme activities costs.
- (c) Examine UNEP's complementary Funding Sources, how these were started, how they have grown and their present impact on the environmental programme and the work of UNEP.
- (d) The study must also determine how these Trust Funds are managed, the support provided by UNEP/UNON.

III. Terms of Reference

Objectives of the Study

The objective of the Management Study on Trust Funds and Counterpart Contributions is to establish if the UNEP supplementary funding mechanisms (Trust Funds and Counterpart Contributions) are an appropriate and complementary method of raising extra needed financial resources for UNEP. How these resources have supported UNEP's catalytic role in addressing the environmental priorities, decisions of the Governing Council and the mandate of the organisation. It is to further establish how Trust Funds have impacted the work of UNEP. How critical are Trust Funds to UNEP's work and to

the environmental priorities? The study must also provide UNEP with information that enables it to improve its programming, fund raising, management and administration of funds from various sources. The study must also establish the importance and future role of Trust Funds to the delivery of the global environmental programme.

Pursuant to this therefore the results of the study will be used to ensure complementarity of various sources of funding and hence enable the development of an integrated and harmonious environmental programme. The results will also be used in streamlining and refocusing the use and management of Trust Funds. The results must also lead to better management, improved accountability and timely reporting to donors. UNEP/UNON management must be able to use the evaluation results in designing more efficient, effective and transparent administrative and financial support services to the Trust Funds, which must lead to improved programme delivery.

1. As part of the background information the evaluation must provide a clear description of the roles of each of the four sub-organs of UNEP and their inter-relationship. This will provide a better understanding of how UNEP was initially designed to function.
2. The evaluation must elaborate on the roles and functions of the following:
 - (a) Regular Budget.
 - (b) Environment Fund.
 - (c) Environment Fund Programme Reserve.
 - (d) Trust Funds and Counterpart Contributions, how these were started and how they have grown or shrunk.
3. The evaluation must categorise Trust Funds;
 - (a) Isolate each trust fund category and ascertain how each trust fund functions.

- (b) Assess and ascertain the impact, strengths, problems and weaknesses of each trust fund category.
- (c) Provide solutions to each category. Further establish the future role and contributions of each Trust Fund to the work of UNEP and the global environmental programme.

The following trust fund categorisation must be followed by the evaluators in order to fulfil (a)-(c) above.

- (i) Trust Funds of Environmental Conventions, Protocols and Regional Seas.
- (ii) Clearing House trust funds that were largely set up for capacity building in developing countries and addressed cutting edge issues.
- (iii) Trust funds for resources provided to UNEP and where UNEP is an implementing agency such as the GEF.
Treasuryship - e.g. Multilateral Fund.
- (iv) JPO Trust Funds.
- (v) Counterpart Contribution Trust Funds supporting the participation of representatives of developing countries to attend intergovernmental meetings, including COPs of Conventions.
- (vi) Counterpart Contributions Trust Funds in which donor countries have basically earmarked funds for supporting certain activities of UNEP's Programme of Work.
- (d) The evaluation must also create a clear understanding of Trust Funds by further examining the latest presentation to ACBQ on harmonized budget and show how this contributes to a better management of financial resources.

4. Trust Funds were initially intended as a supplement to the Environment Fund but now have overtaken the Environment Fund by several lengths. This is an indication of how things have changed and how environmental concerns have grown since the UNEP funding mechanism was initially established.
 - (a) The evaluation must establish why and how the Trust Funds have grown beyond what was initially envisaged.
 - (b) Determine if and how Trust Funds and Counterpart Contributions complement the Environment Fund and hence enhances UNEP's delivery.
 - (c) Establish if and how critical Trust Funds are to UNEP's ability to deliver a global environmental programme.
 - (d) Why donors have been preferring Trust Funds and Counterpart Contributions and decreasing Environment Fund Contribution. Is the decrease in Environment Fund directly related to the growth of Trust Funds or not.
 - (e) How the decrease in the Environment Fund has denied the Executive Director the flexibility in addressing environmental issues.
 - (f) The impact of Trust Funds on the Environment Fund, UNEP's Programme of Work and on the World Environment Programme.
5. The Evaluation should determine:
 - (a) which trust funds have the effect of earmarking of funds by donor countries.
 - (b) if, how and by what proportions this earmarking by donors through trust funds and counterpart contributions skews the budget percentages approved by the Governing Council

for the various budget lines of the Programme of Work.

- (c) if and how these trust funds affect/impact the following:
 - (i) UNEP's mandate and its ability to address priority environment issues.
 - (ii) The authority of the Governing Council.
 - (iii) Staff time, staffing and the geographical representation within the secretariat.
 - Staffing tables without trust funds.
 - Staffing tables with trust funds.
 - (iv) Recruitment policy and procedures.
 - (v) Procurement policy affected by tied money to purchase in donor country.

The study will utilise existing information and draw from other studies already done in relation to these issues.

- 6. The charging and use of an overhead or administrative levy on trust funds. (Study to draw on existing studies on this subject).
 - (a) How is the administrative overhead used and who benefits from it. This should allay fears of EF subsidising Trust Funds.
 - (b) Establish the legitimacy and adequacy of the 13% as an administrative overhead.
 - (c) What are the alternatives to an administrative overhead. To examine how the GEF fee-based system compares with present UNEP system. The study must establish if the GEF approach is a better method or not and determine this approach's applicability to other Trust Funds.

- (d) The impact of the administrative overhead on the management and use of trust funds and counterpart contributions.
7.
 - (a) Determine if UNEP meets the reporting needs and requirements of the donors on the use and management of trust funds.
 - (b) Does UNEP/UNON provide sufficient administrative and financial support to the Trust Funds.
 8. The study must establish the views of the governments on Trust Funds by:
 - (a) Examining the decisions of the regular and special sessions of UNEP GC especially the Special Session V held in 1998.
 - (b) Interviewing some permanent representatives of major donors of trust funds.
 - (c) Establish if there are any guidelines from the UN Secretariat, GA or its subsidiary bodies.
 - (d) Establish how GC has dealt with the growth of Trust Funds and Counterpart contributions.
 9. Determine if Trust Funds and Counterpart Contributions have provided the supplementary funds originally envisaged or if they have exceeded expectations.
 10. Determine the impact that Trust Funds and Counterpart contributions have had on the following:
 - (a) UNEP's Work Programme, priorities and emerging issues.
 - (b) World environmental programmes and priorities.

11. Establish if and how the current UNEP's restructuring of the programme from a thematically based programme to one that is functionally based impacts Trust Funds use and management.
12. Make concrete suggestions or recommendations which would benefit UNEP in managing each category of trust funds. The suggestions must point the direction in which trust funds must be managed. The recommendations must also indicate if UNEP's funding mechanism should be revisited in the light of many changes that have taken place since the 1972 Stockholm Conference on the Human Environment.

12 July 1999

ANNEX II: DOCUMENTS INVENTORY

NO.	CODE	1.DOCUMENT TITLE
1	ST/SGB/188 1 March 1982.	Secretary-General's Bulletin on Establishment and Management Of Trust Funds;
2	ST/A1/284 1 March 1982.	
3	ST/A1/285 Annex	Administrative instructions on Technical Co-operation Trust Funds; 1 March 1982
4	ST/A1/286 3 March 1982	Administrative Instruction by the Assistant Secretary-General on Programme Support Accounts
5		UNDP G.C Resolution 80/44; Agency Support Costs
6	0620/96 29 Jan 1996.	Memorandum by Yukio Takasu, Controller, to Heads of departments/offices on Acceptance of Voluntary Contributions (Brief Summary of Guidelines)
7	Press Release GA/9393	Resolutions Adopted By The General Assembly During The First Part Of Its Fifty-Second Session (From 16 September to 22 December 1997)

8	A/54/6 (Sect.12)	General Assembly 54th. Session; Proposed Programme Budget for the Biennium 2000-2001.
9	UNEP/GC.20/25 22 Dec. 1998	Management of Trust Funds and Counterpart Contributions.
10	UNEP/GC.20/26 19 January 1999	The Cost of Administering Trust Funds and Counterpart Contributions
11	UNEP/GC.20/48 11 March 1999	Proceedings of the Governing Council at its Twentieth Session; Nairobi 1-5 February 1999; Agenda item 12
12	BFMS/PRDB	Statistical Package 1999 A/C's; 30 June 1999
13	FPMB as at 31 Dec 1997	UNEP Expenditures 1973-1998 (Table 1)
14		Status Of Contributions To UNEP's 1999 Environment Fund as at 30 July 1999
15		Status Of The Environment Fund; as at 31 May 1999.
16	BFMS	Compendium of UNEP Projects By Country; 12/08/1999
17		Summary 1988-1997 Expenditures and Funds Available as at 31 March 1998 for all UNEP Managed Trust Funds.

18	Table 4	List of Top Ten Pledges and Top Ten Payments to the Environment Fund 1998 as at 14.07.1998
19	Table 3 (Draft)	Environment Fund (Option) 1 plus Additional External Funds.
20	UNON-ITS/PMS/FSP12SF	FSP12SF- CP AND TF's Accounts by SF as at 30 June 1999
21		List of Trust Funds Administered by UNEP Listed by Categories
22	BFMS Trust Funds	Financial Reports and Accounts for 1973/8 and for 1988/98
23		Environment Fund Activities- Programme of Work for 1998-1999 (Allocations and Commitments) as at 27 July 1999
24	Annex 2	1996/1997 and 1998/1999 Flow and Use of Resources of the Environment Fund (as at 4 June 1999)
25	Schedule 1.2	Environment Fund: Summary of appropriations, allocations issued, expenditures incurred and unexpended balance of appropriations and allocations for the FP and FPR activities for the biennium ended 31 Dec. 1997.

26	UNEP-MIS-PMSTYR/CMP 02BLN	Compedium of UNEP (FP) Projects by SBL 3/31/99
27	Annex 1	Professional Posts in UNEP by Source of Financing
28		UNON Posts Which are OTL, TD
29	26-May-99UNL1999	Regular Budget Posts 1998-1999 Status
30	26-May-99/MASC1999	MASC Posts 1998-1999, Status
31		UNEP Posts Which are FP...(Environment Fund)
32		UNEP Posts Which are not UN and F..(List of T.F Staff including GEF)
33		The Funding Of UNEP
34		Revised Legislative And Financial Texts Regarding The United Nations Environment Programme And The Environment Fund 1998.
35	LU0224	Lusaka Agreement on Co- operative Enforcement Operations Directed At Illegal Trade in Wild Fauna and Flora.
36		UNEP 1997 Annual Evaluation Report.
37		Draft: Evaluation of UNEP's Experience on Use of Seconded Staff and Outposting Staff to the Regions; August to October

		1997
38		Legal Analysis on the 13% Charge on Voluntary Contributions in Support of the Implementation of the Conventions; March 12, 1996
39		Memorandum from J. Illueca to the Executive Director on External Funds In Support Of Implementation Of The Environment Programme; 25 February 1998
40	OTL/PJ	Memorandum From Director, PSS to the Executive Director on Programme Support Costs (PSC) on UNEP Trust Funds; 17 February 1998
41		Memorandum From A. T. Brough to Ms. Cristina Boelcke and Mr. E. Ortega on 13% and all that dated 13 Nov. 1997.
42	TKEO6/12/03/01	Internal Memorandum from T. Kapiga to E. Ortega (Comments on Mr. Brough's Memorandum) 4 Nov 1997.
43		UNEP Policy on Junior Professional Officers (JPO's)

44	OTL/pj	Memorandum from P. Juusela, G. Kafeero, P. Kannisto of 18 Aug. 1997. Subject: Comments on Mr Brough's Memorandum of 11 Aug. 1997 on Programme Support Costs (13%)
45		Memorandum from Mr. E. Ortega to Mr. B. Sibanda on Comments on the Management Study: Trust Funds and Counterpart Contributions; 11 May 1999
46		Global Environment Facility; December 1998. Includes a table of on-going GEF Projects and a summary of GEF Income/Expenditure as per UNEP Accounts.
47		The GEF Project Cycle
48		Global Environment Facility; Independent Evaluation of the Pilot Phase (1994)
49		GEF Annual Report; 1996
50		Operational Report on GEF Programmes; February 1998
51	GEF/C.13/11 April 1, 1999	GEF Council May 5-7, 1999 Agenda Item 11: proposal for a Fee-Based System for Funding GEF Project Implementation.
52		On-Going GEF Projects 1.7.1999

53		Summary of GEF Income/Expenditure as per UNEP Accounts 18.5.1999
54	GEF/C.13/10 April 1, 1999	GEF Council May 5-7, 1999 Agenda Item 11: GEF Corporate Budget FY00
55		Memorandum from Ms. Robin Burgess of the GEF to multiple recipients on the GEF Fee System.
56	GEF/C.10/9 3 October 1997	Draft Annual Report of the GEF, FY97; GEF Council November 4-6, 1997 Agenda Item 12.
57		Chairs of Nairobi Regional Groups
58		Instrument for the Establishment of the Restructured Global Environment Facility (March 31, 1994)
59	Working Paper No. 10	From Idea to Reality; The Creation of the Global Environment Facility 1994
60		Study of GEF's Overall Performance 1998
61		List of Counterpart Contributions From January to December 1999
62	UNEP/GC.20/24 28 January 1998	Environment Fund: Financial Report and Audited Accounts for the Biennium 1996-1997 ended

		December 1997
63		Terms of References (Trust Funds)
64	UNEP-MIS-PMSTYR/CMP02 RGN	Compendium of UNEP Projects by Region 17/08/1999
65		Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme.
66		G.C Decision 16/47 Environment Facility
67		UNON Functional Structures and Lists of Services
68	ST/SGB	Financial Rules/Rev 3 (1985)
69		G.C Resolution 19/24 Trust Funds; B Management Issues and the Cost of Administering Trust Funds

ANNEX III

LIST OF PEOPLE CONSULTED AND INTERVIEWED.

	NAME	DESIGNATION
1.	Mr. E. Ortega	Chief, Budget and funds Management Servi (BFMS)
2.	Mr. J. Illueca	Director, Division of Environmental Convention (DEC)
3.	Mr. D. Kaniaru	AG. Director of Division of Environmental Policy Development and Law (DEPI)
5.	Mr. T. Kapiga	Chief, Trust Fund Section (TFS/BFMS)
5.	Mr. H. Brekke	Chief, Contribution Unit
6.	Ms. S. Campaigne	Staffing Table Management Unit (STMU)
7.	Ms. N. Koshen	Administrator/Fund management, Global Environment Facility (GEF)
8.	Mr. S. Kurdjukov	Chief, Environment Fund Section (EFS)
9.	Mr. H. Drammeh	Deputy Director Division of Environment Policy Development and Law
10.	Mr. S. Khromov	Chief, Resource Mobilization
11.	H. E. German Garcia Du	Permanent Representative, Columbia Chair, Group of 77 and China (Nairobi Ch
12.	Mr. A. Djoghla	Executive Coordinator GEF Coordination C

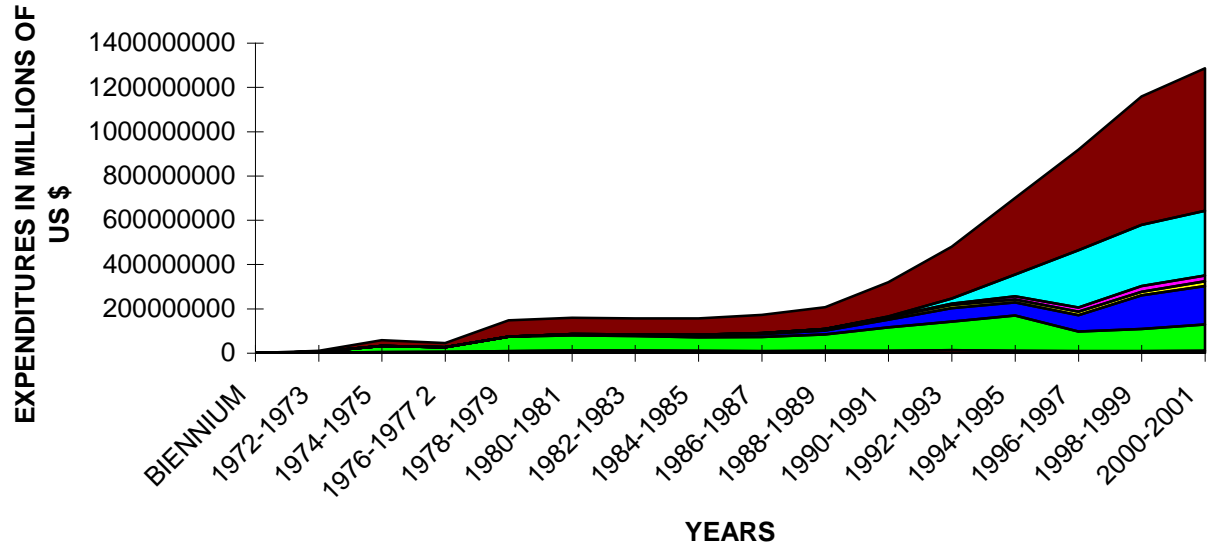
ANNEX IV: EXPENDITURES BY SOURCE OF FUNDING AND BY YEAR (1972-2001)

BIENNIUM	REGULAR BUDGET	ENVIRONME NT FUND	TRUST FUNDS	COUNTERPART CONTRIBUTION S	GEF	MULTILATERAL FUND	TOTAL
1972-1973	1,753,973	4,239,659					4,239,659
1974-1975	4,890,117	26,279,154					26,279,154
1976-1977 2	5,998,872	19,728,908					19,728,908
1978-1979	8,034,075	65,129,220	508,183				73,671,478
1980-1981	10,906,947	69,070,038	5,211,761				74,281,799
1982-1983	10,975,549	65,886,931	6,699,346				72,586,277
1984-1985	9,992,134	60,713,714	9,679,962	2,533,535			72,927,211
1986-1987	8,979,666	63,626,847	12,974,850	4,782,093			81,383,790
1988-1989	10,169,894	73,281,292	17,371,561	7,661,994			98,314,847
1990-1991	10,842,318	105,208,887	34,904,245	10,426,117	148,959	3,972,456	154,660,664
1992-1993	12,548,442	128,761,337	60,490,731	14,779,616	6,867,272	22,835,202	233,734,158
1994-1995	9,775,109	159,943,403	59,376,970	12,676,863	13,533,534	99,496,617	345,027,387
1996-1997	8,230,000	88,452,053	74,022,525	16,201,897	18,498,182	258,228,610	455,403,267

1998-1999	8,756,600	99,352,833	152,195,048	16,167,233	25,625,000	276,960,714	579,057,428
2000-2001	9,463,400	119,240,000	173,971,016	20,661,704	26,250,000	293,260,000	642,846,120

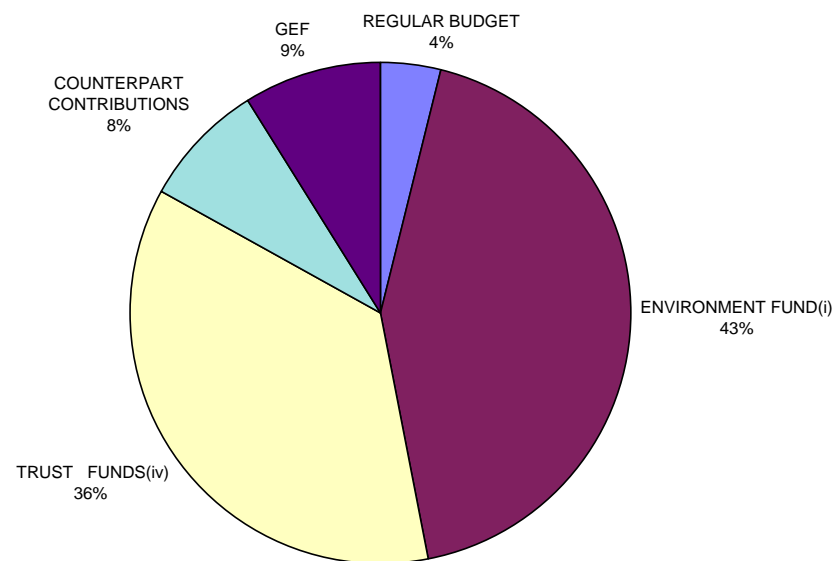
Compilation of this document was done using Financial Reports and Accounts for respective bienniums

ANNEX IV A: EXPENDITURES BY SOURCE OF FUNDING AND BY YEAR (1972-2001)



ANNEX V: 1996-1997 EXPENDITURES BY SOURCES OF FUNDING

1996-1997 EXPENDITURES BY SOURCE OF FUNDING



ANNEX VI -

ANNEX VII: DATES OF ESTABLISHMENT OF TRUST FUNDS

DATE OF ESTABLISHMENT OF TRUST FUNDS

YEAR	TRUST FUNDS												
1978	KA												
1979	ME	CT											
1980													
1981	CR	ES	WA										
1982	SA	TN											
1983	TG												
1984	ST	PA											
1985	MH	TJ											
1986	EA	MS	CD	EH									
1987	GI												
1988	EM	CE	TH										
1989	ET	MP	VC	GC	EO	TI	TS						
1990	IP	IT	VM	FO	TA	TK	TR						
1991	GF	IM	JC	KI	MF								
1992													
1993	BC	BD	BV	CM	EL	TB	TD						
1994	AS	CG	JG	MI									
1995	BY	PN	PP	AH	TX								
1996	AM	PF	DN	FM	SD								
1997	BE	BZ	EE	GP	HL	PO	AN	BS	HA	RU	TE	ZA	
1998	FI	RC	GM	GN	GT	KT	MT	FG	PH	PU	SN	TC	UK
1999	EB	FB											

Source : UNEP /GC. 20/25 Annex 1

Annex VIII: Hard copy only - "Trust Funds Administered by UNEP Listed by Categories" UNEP GC
20/25 Annex I

ANNEX IX: TRUST FUNDS ADMINISTERED BY UNEP (1998-1999)*

	CODE	AMOUNT
1	MF	300,300,000
2	GF	25,625,000
3	ME	12,801,900
4	BY	12,545,599
5	CT	9,281,672
6	IM	9,040,000
7	BC	8,249,000
8	MP	6,215,000
9	JC	5,000,000
10	MT	3,364,500
11	KT	3,333,333
12	MS	3,179,820
13	CR	2,629,510
14	AN	1,943,600
15	EL	1,693,418
16	PP	1,500,000
17	BZ	1,356,000
18	EA	1,316,450
19	VC	1,243,000
20	PO	1,200,000
21	GP	983,100
22	PU	800,000
23	RU	798,910
24	BD	791,000
25	TH	784,000
26	ES	731,110
27	GN	727,720
28	JG	678,000
29	SA	642,950
30	TS	576,800
31	VM	542,400
32	IP	519,800
33	GT	454,545
34	PN	445,220
35	BE	384,200
36	KI	375,160
37	SD	358,400
38	BS	354,820
39	AH	339,000
40	CG	339,000
41	ET	337,305
42	FG	306,852
43	TR	292,320

44	FI	282,500
45	GM	282,000
46	DN	271,200
47	MH	271,200
48	AM	226,000
49	TC	224,000
50	TI	218,400
51	TK	212,800
52	HA	194,663
53	GI	190,400
54	TD	183,056
55	EM	168,370
56	TG	156,800
57	TE	145,600
58	CE	136,100
59	TJ	134,400
60	ZA	123,200
61	RC	113,000
62	PH	112,000
63	UK	109,600
64	KA	96,050
65	CD	90,400
66	WA	81,134
67	IT	79,100
68	TA	78,400
69	HL	67,800
70	SN	62,252
71	TB	56,000
72	TN	56,000
73	TX	28,000
74	EE	16,950
75	MI	3,138
76	BV	0
77	PF	0
78	ST	0
79	AS	0
80	CM	0
81	EH	0
82	FM	0
83	GC	0
84	PA	0
85	EO	0
86	FO	0

TOTAL 428,850,927

ANNEX X
ON-GOING GEF PROJECTS

	Project No.	No. of S/Projects	Project Title	Implementing Agency (Programme Officer)	Duration	GF Trust Fund (US\$)
1.	GF/RA/8201-91-01/ Rev.10		Scientific and Technical Advisory Panel (STAP)	Internal - in association with the GEF Secretariat, The World Bank and UNDP GEF Unit	Jan 1991-June 1995	3,346,552
2.	GF/RA/8201-92-05/ Rev.12		UNEP's Participation in the GEF - General Support	Internal - in association with the GEF Secretariat, The World Bank and UNDP GEF Unit	Jan 1992-Jun 1995	3,134,489
3.	GF/CP/4102-92-01/Re.14 GF/CP/0103-92-01	14	Country Case Studies on Sources and Sinks of Greenhouse Gases	Internal: with OECD/Paris, UK (IPCC) Atmosphere:	Sep 1992-Jun 1997	4,500,000
4.	FP/GF/CP/6105-92-02 Rev.12	19	Support to the Preparation of Biodiversity Country Studies	Internal - Biodiversity C. Tavera	Mar 1992- Mar 1997	5,000,000
5.	GF/6105-93-01(3048) FP/0313-93-11	13	Global Biodiversity Assessment	Internal - Biodiversity C. Tavera	May 1993-Sep 1997	3,300,000
6.	GF/0100-94-03/Rev.4 (Closed)		Capacity Building and Infrastructure - Participation in Assessment Methodology - Dev. and other Activities of the Intergovern. Panel on Climate	World Meteorological Organisation	Jul 1994-Dec 1996	2,800,000

			Change (IPCC)			
7.	FP/GF/0313-94-31/Rev.4	8	Support to the Preparation of Biodiversity Country Studies - Phase Two	Internal: with National Governments and World Conserv. and Monit. Centre Biodiversity - C. Tavera	Jun 1994-Apr 1997	2,000,000
8.	GF/0313-94-38/Rev.3	11	Biodiversity Data Management Capacitation in Developing Countries and Networking Biodiversity Information	Internal: with National Governments and World Conserv. and Monit. Centre Biodiversity:	Jun 1994-May 1997	4,000,000
9.	GF/1100-95-12/Rev.9 PDF As	19	UNEP's Participation in the GEF - General Support - Phase II (includes: Assessment of Support of the Manag. Of Marine and Coastal Biodiv. Of the EAS	Internal - in association with the GEF Sec., The World Bank and UNDP GEF Coord. Office: A. Djoghla	Jul 1995-June 1999	8,132,884
	GF/CP/1300-96-03/Rev.1		Global Benefits of Land Degradation Control	Internal: STAP Secretariat GEF - M. Griffith	Aug - Nov 1996	62,392
	GF/FP/1200-95-41/Rev.3 (Closed)		Species 2000 Programme for Indexing the World's known species	Species 2000 Secretariat, UK.	Mar 1996-Dec 1996	25,000
	GF/1100-95-42/Rev.2 (Closed)		Confirmation of the Status of <i>Bactranus Camelus Ferus</i>	Fauna and Flora International, UK.	Mar 1996-Dec 1996	25,000

Project No.	Project Title	Implementing Agency (Programme Officer)	Duration	GF Trust Fund (US
GF/4310-95-43/Rev.1	Russian Federation: Developmet of National	Internal: ELI/PAC	Feb 1997-Dec 1998	

	Legislation for the Implementation of UNFCCC	Law Unit: A. Timoshenko		25,000
GF/5300-95-44/Rev.2 (Closed)	(ISP): Strengthening Public Participation in Environm. and Sustainable Development Policy Making in Americas	Internal: ELI/PAC	Feb 1997-Dec 1998	25,000
GF/1300-95-45/Rev.1	Land Rehabilitation on the Border of Senegal and Mauritania	Internal: GEF with DC/PAC GEF Coord. Unit: M. Griffith	Feb 1997-Dec 1998	25,000
GF/1200-95-46/Rev.1	Incentive Measures for Conservation of Biodiversity and Sustainable Use of Its Components	Internal: CBD Sec. Nat. Govts, UNDP WB, NGOs & Intergover. Org. Biodiversity - I. Higuero	April 1997-Dec 1998	25,000
GF/1100-95-47/Rev.1	Capacity Building in Integ. Assessment of Climate Change in Developing Countries and Countries with Economies in Transition	International START Secretariat, GEF - P.S. Low	Mar 1997 - Dec 1998	25,000
GF/1300-95-48/Rev.1	Rehabilitation of Degraded Pastoral Lands and Conservation of Biodiversity in the Arid and Semi-Arid Areas of Kenya, NE Tanzania and NE Uganda	Internal: with UNDP/UNSO GEF - M. Griffith	Jun 1997 - Oct. 1998	24,876
GF/1300-95-49/Rev.1	Rehabilitation of Transboundary Deg. Range and Grading Land in the Kalahari-Namib Reg. of Botswana Namibia and Zambia	Internal: with UNDP/UNSO GEF - M. Griffith	Jun 1997 - Oct. 1998	25,000
GF/1300-95-50/Rev.1	Rehab. Of Deg. Lands and Biodiv. Conserv. in Arid & Semi-arid reg. of Mozambique, Zambia and	Internal: with UNDP/UNSO GEF - M. Griffith	Jun 1997 - Oct. 1998	23,768

	Zimbabwe			
GF/2200-95-51	Climate Awareness Programme (CAP)	Internal: GEF - P.S. Low	Feb 1998 - Jul 1998	25,000
GF/1100-95-52	Land use Change, Agrobiodiversity and Global Environment Benefits	Tropical Soil Biology and Fertility Prog. GEF - H. Jensen	Apr 1998 - Aug 1998	25,000
GF/1200-95-53	Conservation of Graminae and Associated Arthropods for Sustainable Agri. Dev. in Africa	ICIPE, Kenya GEF - H. Jensen	Sep 1998 - Dec 1998	25,000
GF/1200-95-54	An Indicator Model for Dryland Ecosystems in Latin America	Natural Heritage Institute, San Francisco GEF - R. Khanna	Jan 1999-Apr 1999	25,000
GF/1200-95-55	Landscape Ecology and Gap Analysis for Con. Strateg.	The Nature Conservancy, U.S.A. GEF - S. Aggarwal-Khan	Feb 1999-June 1999	25,000
GF/1100-95-56	Persistent Organic Pollutants, Food Security, and Indigenous Peoples in Arctic Russia	Inuit Circumpolar Conference, Ottawa GEF - L. Granier	Jan 1999-Apr 1999	25,000

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Project No.	No. of S/Projects	Project Title	Implementing Agency (Programme Officer)	Duration	GF Trust Fund (US\$)
GF/1200-95-57		SAP for integrated management of the Volta Lake watershed and discharge zone	Regional (Africa: Western) GEF - David Medio	June 1999-Dec 1999	25,000
GF/1100-95-58		Tourism			250,000
10.	GF/1100-95-13/Rev.3	STAP - Phase II	Internal: GEF - M. Griffith	Jul 1995 - Jun 1999	

						3,969,194
11.	GF/CP/1100-96-02 PDF B		Support to the "Strategic Action Prog. of the Red Sea and the Gulf of Aden" (PERSGA)	Red Sea and the Gulf of Aden with UNEP, UNDP and the World Bank Water Branch - H. Drammeh	Jul 1996 - Jan 1997	95,000
12.	GF/MED/1100-96-03 PDF B		Formulation of a SAP for the Med. Sea, to address Pollution from Land-Based Action	Coordinating Unit for the Med. Action Plan: GEF - J. Pernetta	Dec 1996 - Dec 1997	340,000
13.	GF/1100-96-13 PDF B		Water Resources Management in the Bermejo River Binational Basin	Secretariat of the OAS Water Unit - I. Vanderbeck	Sep 1995 - Apr 1996	231,000
14.	GF/2110-96-13/Rev.5 PDF B	10	UNEP OzonAction Programme to Implement the Montreal Protocol - Country Programmes in CEITs	Internal: UNEP/IE PAC with ROE	Apr 1996 - Dec 1998	404,500
15.	GF/CP/2110-96-19 PDF B		Enabling CEITs to Phase out the Ozone Depleting Substances of the Montreal Protocol	Internal: UNEP/IE PAC	Oct 1996 - Jan 1997	89,975
16.	GF/2200-96-09/Rev.4	5	Country Case Studies on Climate Change Impacts and Adaptations Assessment	Internal: Atmosphere Unit Climate Change	Jan 1996 - Jun 1998	2,000,000
17.	GF/2200-96-15/Rev.1		Economics of GHG Limitations - Phase 1: Estab. of a Method. Framework for Cl. Ch. Mit. Assess.	Internal: with Riso, Denmark Climate Change	May 1996 - Apr 1998	3,000,000
18.	GF/2200-96-16 CCEA		Lesotho: Enabling Activities for the Implementation of the UNFCCC	National Environment Secretariat, Maseru Lesotho Atmosphere - R. Sharma	Oct 1996 - Aug 1998	350,000
19.	GF/1200-96-03/Rev.2	27	Assistance for the Prep. of National Biodiv. Strat.	Internal: with National Governments	Sep 1996 - Dec 1998	4,880,010

	BDEA		Action Plans, and First National Reports to the Convention on Biodiversity	UNDP, the World Bank Biodiversity - C. Tavera		
20.	GF/1200-96-36: PDF B		CANCELLED			
21.	GF/1100-97-02/Rev.1 PDF B		Preparation of a Transboundary Diagnostic Analy. and a SAP for the Marine and Coastal Environment of the Western Indian Ocean	Internal: Water Branch Water Unit - H. Drammeh	Feb 1997 - May 1998	340,000
22	G/1100-97-03/Rev.1 PDF B		Formulation of a Transboundary Diagnostic Analysis and preliminary Framework of a SAP for the	Internal: Water Branch EAS/RCU - H. Kirkman	Feb 1997 - Jul 1998	335,000

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	Project No.	No. of S/Projects	Project Title	Implementing Agency (Programme Officer)	Duration	GF Trust Fund (US)
23.	GF/FP/1100-97-04 PDF B	1 S/project	Global International Waters Assessment	Internal: Water Branch GEF - J. Pernetta	Feb 1997 - Jun 1997	290,000
24	GF/1100-97-07		Strategic Action Programme for the Binational Basin of the Bermejo River	General Secretariat of the OAS Water Unit - I. Vanderbeck	Apr 1997 - Mar 1999	2,990,000
25.	GF/5300-97-01 PDF B		Global Environmental Citizenship	Internal: ROLAC Atmosphere	Apr 1997- Dec 1997	235,000
26.	GF/2200-97-16 CCEA	19	Implementation of the UNFCCC - Zambia	Dept. of Environment and Min of Environment and Forestry - Zambia Atmosphere - R. Sharma	Aug 1997 - Jul 1999	265,000

27.	GF/2200-97-05 CCEA		Implementation of the UNFCCC - Zimbabwe	Min. of Envi. & Tourism - Zimbabwe Atmosphere - R. Sharma	Feb 1997 - Dec 1997	93,600
28.	GF/1100-97-13 PDF B		Integrated Management of the Upper Paraguay River Basin and Strategy for the Conservation of Biodiversity in its Aquatic Ecosystems	General Secretariat of the OAS Water Unit - I. Vanderbeck	Oct 1997 - Jun 1998	286,000
29.	GF/1100-97-14 PDF B		Integrated Management of the Water Resources of the Rio Sao Francisco Basin and its Coastal Zone	General Secretariat of the OAS Water Unit - I. Vanderbeck	Oct 1997 - Jun 1998	341,000
30.	GF/1300-97-04 PDF B	1	Management of Indigenous Vegetation for the Rehabilitation of Degraded Rangelands in the Arid Zone of Africa	Internal GEF - M. Griffith	Oct 1997 - Jan 1998	330,000
31.	GF/1100-97-15 MSP		Rescue Plan for the Cap Blanc Colony of the Mediterranean Monk Seal	Institute for Forestry and Nature Res. Dept. of Aquatic Eco., The Netherlands Water Unit - M. Borobia	Nov. 1997 - Apr 1998	150,000
32.	GF/5300-97-03 MSP		A Participatory Approach to Managing the Environ. An Input to the Inter-American Strategy for Participation (ISP)	General Secretariat of the OAS GEF - R. Khanna	Nov. 1997 - Jan 1999	695,000
33.	GF/1300-98-01		People, Land Management and Environment Change (PLEC)	United Nations University Land - T. Maukonn	Mar 1998 - Feb 2002	6,176,300
34.	GF/1200-98-10 MSP		Global Biodiversity Forum (GBF)	Internal: Biodiversity Biodiversity	Mar 1998 - Feb 2000	745,000
35.	GF/1200-98-03/Rev.1	18	Pilot Biosafety Enabling Activity	Internal	Mar 1998 - Feb 1999	2,744,000

				Biodiversity - H. Okusu & J. Galloway		
36.	GF/2110-98-05 MSP		Promoting Compliance with the Trade and Licens. Prov. of the Montreal Prot. in Countries with Economies in Transition (CEITs)	Internal: UNEP IE GEF - S. Aggarwal-Khan	Mar 1998 - Mar 2000	693,750

	Project No.	No. of S/Projects	Project Title	Implementing Agency (Programme Officer)	Duration	GF Trus Fund (US
37.	GF/1200-98-11 MSP		Development of Best Practices and Dissemination of Lessons Learned for Dealing with the Global Problem of Alien Species that Threaten Biodiversity	Scientific Committee on Problems of the Environ (SCOPE), Paris, France GEF- H. Jensen	Apr 1998 - Sep 2000	750,000
38.	GF/1300-98-02 PDF B		Biological Conservation through Participatory Rehab. Of the Degraded Lands of the Arid and Semi-Arid Trans. Areas of Mauritania & Senegal	Internal GEF - M. Griffith	Aug 1998 - Oct 1998	35,000
39.	GF/FP/1100-98-15 PDF B		Reducing the Impact of Tropical Shrimp Trawling Fisheries on Living Marine Resources through the Adoption of Environ. Friendly Techniques and Prac.	Food and Agric. Organization (FAO) Water Unit - M. Borobia	Sep 1998 - Dec 1998	330,000
40.	GF/1100-98-17 PDF B		Intergrated Water Resources Management and Sustain. Dev. of San Juan River Basin and its Coastal Zone	General Secretariat of the OAS Water Unit - I. Vanderbeck	Oct 1998 - Sept 1999	283,000
41.	GF/3100-98-07 PDF B		Regionally Based Assessment of Persistent Toxic Substances	Internal Chemicals	Oct 1998 - Dec 1999	340,000
42.	GF/3300-98-01		Emergency Response to Combat Forest Fires in	Internal	April 1998-Mar	

	MSP		Indonesia to Prevent Haze in South East Asia	ROAP - S. Shretsha	1999	750,000
43.	GF/1100-99-01		Global International Water Assessment (GIWA)	University of Kalmar, Sweden Assessment - D. Claasen	Mar 1999 - Feb 2003	6,495,000
44.	GF/1200-99-01 MSP		Lop Nur Nature Sanctuary Biodiversity Conservation	State Environmental Protection Admin. GEF - H. Jensen	Mar 1999-Feb 2002	725,000
46.	GF/FP/1200-99-02		Biodiversity Planning Support Programme	UNDP and UNITAR	Jan 1999-Dec 2000	1,336,500
47.	GF/1100-99-03		Implementation of the Strategic Action Programme for the Red Sea and Gulf of Aden: Institutional Strengthen. to facilitate Regional Co-operation	Secretariat for the Regional Organization for the Conservation for the Red Sea and Gulf of Aden Water Unit - H. Drammeh	Jan 1999 - Dec. 2003	2,315,000
48.	GF/1100-99-04 PDF B		Reducing Pesticide Runoff to the Caribbean Sea GEF: R. Batten/L. Granier	UNEP-CAR/RCU - R. Batten	June 1999-Aug 2000	295,000
49.	GF/2110-99-02 PDF B		Institutional Strengthening and Capacity Building: Establishment of an Ozone Office	UNEP/TIE T. Kapiga	June 1999-May 2002	165,000
50.	GF/2110-99-03 PDF B		Institutional Strengthening for the Implementation of the Montreal Protocol in Azerbaijan	UNEP/TIE T. Kapiga	May 1999-Apr 2002	267,000
51.	GF/2110-99-07 PDF B		Institutional Strengthening for the Implementation of the Montreal Protocol in Turkmenistan	UNEP/TIE T. Kapiga	Mar 1999-Feb 2002	115,693
52.	GF/2200-99-03		Redirecting Commercial Investment Decisions to	UNEP/TIE	May 1999-Oct 2000	750,000

	MSP		Cleaner Technologies - A Technologies Transfer Clearinghouse		
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	Project No.	No. of S/Projects	Project Title	Implementing Agency (Programme Officer)	Duration	GF Trust Fund (US\$)
53.	GF/1100-99-07 MSP		The Role of the Coastal Ocean in the Disturbed and Undisturbed Nutrient and Carbon Cycles	LOICZ-International Project Office Netherlands Inst. For Sea Research	Jul 1999-Dec 2001	720,000
54.	GF/1200-99-04 PDF B		Management of Agrobiodiversity for Sustainable Land Use and Global Environmental Benefits	Global (Africa, Asia, Latin America)	June 1999-May 2000	248,000
55.	GF/2200-99-05 PDF B		Establishing M&T ESCOs in Central Eastern Europe	UNEP/TIE: GEF - R. Batten	June 1999-Mar 2000	340,000
56.	GF/1300-99-01 PDF B		Management of Indigenous Vegetation for the Rehab. of Degraded Rangelands in the Arid Zone of Africa	Internal: UNEP/UNDP	July 1999-Nov 1999	77,000
57.	GF/5510-99-02 PDF B		Millenium Assessment of the State of the World's Ecosystems	World Resources Institute (WRI) with UNEP/UND and World Bank	June 1999-Oct 2000	350,000
58.	GF/1100-99-13 PDF B		Support to the National Plan of Action for the Protect. of the Arctic Marine Environment from Anthropogenic Pollution in the Russian Federation	Advisory Committee on Protection of the Sea (ACOPS) Russia: L. Granier	Aaug 1999-Jan 2001	306,000
59.	GF/1300-99-02 PDF B		A Strategy for Integrated Conservation of Dryland Biodiv. Through Land Rehabilitation in the Arid and	Internal Ms. Anna Tengberg	Oct 1999-April	

			Semi-Arid Regions of Mozambique, Zambia & Zimbabwe		2000	330,000
60.	GF/1100-99-14		Integrated Management of Land-based Activities in the Sao Francisco Basin	GS/OAS: I. Vanderbeck	Sept 1999-Apr 2003	4,771,000
61.	GF/1300-99-MSP		Promoting Best Practices for Conservation and Sustainable Use of Biodiversity of Global Significance in Arid and Semi-Arid Zones	Third World Network of Scientific Org. (TWNISO) Italy: S. Aggarwal-Khan	Sept 1999-Aug 2001	750,000
	GF/FP/5230-99-xx		Addressing Transboundary Environmental Issues in the Caspian Environment Programme (CEP) - Strengthened Institutional, Legal, Regulatory and Economic Frameworks for SAP Implementation	UNEP/ROE in cooperation with the Center for International Projects (CIP), Moscow and the CEP International Partners	July 1999-Dec 2001	574,500

ANNEX XI
SUMMARY OF GEF INCOME/EXPENDITURE
AS PER UNEP ACCOUNTS

USES:	1991	1992	1993	1994	1995	1996	1997	1998	1991-98 CUM TOTAL
PROJECTS DISBURSEMENT	-	537,914	3,004,740	5,381,240	4,542,218	5,662,683	7,332,649	8,515,764	34,977,208
ADMIN EXPENSES	148,959	1,834,164	1,490,454	1,953,150	1,656,926	2,701,662	2,801,187	2,826,570	15,413,072
TOTAL USES	148,959	2,372,078	4,495,194	7,334,390	6,199,144	8,364,345	10,133,836	11,342,334	50,390,280
SOURCES:									
ADVANCES FROM TRUSTEE	1,000,000	2,606,900	5,195,461	12,032,639	4,654,697	6,385,500	16,174,494	16,166,203	64,215,894
INVESTMENT INCOME	3,224	58,965	106,341	242,204	494,533	687,497	488,792	791,069	2,872,625
TOTAL SOURCES	1,003,224	2,665,865	5,301,802	12,274,843	5,149,230	7,072,997	16,663,286	16,957,272	67,088,519

NET POSITION (B-A)	854,265	293,787	806,608	4,940,453	-	1,291,348	5,614,938	16,698,239
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Adjustment made in 1997 to credit \$1303 received in 1995

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18.5.99

Annex XII: Hard copy only - "Proposal To Establish A Trust Fund"

Annex XIII ST/A1/285 of 1 March 1983 - hard copy only.

CPII-98

COUNTERPART CONTRIBUTIONS - 1998

**1 January to
31
December,
1998
Expressed
in USD**

As at 28 February 1999TRUST FUND PROJECTSCARIBBEAN

CP/0401-94-74 - USA (USAID Carib Proj.)	106,720.00
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AGFUND

CP/0322-95-14 - (Tanzania)	20000
CP/6201-90-02 - (Djibouti)	125,000.00
CP/9101-87-90 - (Egypt)	41,733.00

OZONE

XO/2100-98-03 - Denmark (funding for Kuijpers)	4,651.00
XO/2100-98-03 - Egypt (10th mtg of Ozone parties)	85,865.00
XO/2100-98-03 -Norway(funding for TEAP/TOC)	9,734.00
XO/2100-98-03 - Switzerland(Support to TEP Chairman)	20,000.00
MP/2100-98-03 - Germany (reimburse on Mr. Sarma's travel)	2,721.00
CP/2105-89-03 - Support to Dev. Country Participation to the 9th Meeting of the Montreal Protocol	
Canada	91,175.03
Canada	8,000.00

CITES

CP/2104-97-74 - Printing Costs of Environmental Management systems training resource Kit Int. Chamber of Commerce	9,582.00
REIT	19,658.00
CP/2104-97-78 - Denmark (Conference on Engi., Educa. & Training)	60,000.00
CP/2104-97-79 - Canada (Regional Training Workshop)	14,213.00
CP/2104-97-87 - Denmark(Joint imp. of RET's project)	210,000.00
CP/2104-97-88 - CSC (CDM Meeting Barbados Nov.)	40,922.00
CP/2104-97-96 - Norway	20,000.00
CP/6105-84-66 -Germany (CITES Project A-086)	16,000.00
CP/6105-84-66-Belgium (CITES Project A-026)	9,357.68
CP/6105-84-70 - Hongkong(CITES Secretariat enforcement)	165,000.00

CP/6105-84-70-CTSF-USA(CITES projec A-095)	16,500.00
XT/6105-84-72-France (CITES Project A-117)	2,872.91
CP/6105-84-90 - Netherlands (CITES)	4,911.00
CP/6105-84-90-USA (Plants Committee Meet. in PUCONchile)	5,000.00

CMS WORKSHOP

CP/1200-97-17 - Belgium	22,000.00
CP/1200-97-17 - Germany	12,566.00

CP/6105-84-03-3304 - Denmark (COP 5 meeting)	8,063.00
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MEDITERRANEAN TRUST FUND

CP/0401-94-71 2nd Mtg of the MCSD - Spain	63,142.00
CP/0401-94-73 - France	23,300.00

XM/1100-98-73 - Monaco (Med. Comm. of Dev.)	5,408.00
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TRUST FUNDS SUB-TOTAL

1,137,374.62

ENVIRONMENT FUND PROGRAMME PROJECTS

CP/0313-94-61 - Norway	14,455.00
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CP/1100-96-01 - NewZealand	129,450.00
CP/1100-96-34 - InterAmerican Dev. Bank	152,511.00
CP/1100-96-46 - Canada (Burlington Centre/Inland waters)	89,200.00

CP/1200-96-52 - Netherlands	2,874.00
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CP/1200-98-71 - Netherlands (Gigiri Nature Trail)	3,000.00
CP/1200-98-72 - FAO (Workshop data collection, nakuru)	7,480.00

CP/1300-96-01 - IFAD-Evaluation &Dissem. of success stories	30,000.00
CP/1300-96-01 - UNCCD Science and Technology	15,000.00

CP/1300-98-03 - Climate Change, Bonn	205,000.00
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CP/1500-98-01 - Canada(Interg. Panel on Climate Change)	65,466.00
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CP/2200-96-10 - Wuppertal Institut (Ms. Larderel's travel)	364.00
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CP/2200-98-02 - RISO Collaborating Centre Denmark	888,000.00
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Denmark	500,000.00		
CP/2200-99-01 - UNOPS(National communica. support prog.)	362,400.00		
CP/3210-96-02 - Netherlands (Sustainable Cities Programme)	225,000.00		
CP/3100-96-71 - Switzerland (SIDS Initial Assess. reports)	36,403.00		
CP/4200-96-71 - Netherlands(WW106301 Env. Impacts	103,350.00		
CP/4200-96-72(WW106201) Selection & Design	54,857.00		
CP/4200-96-72(WW106201)	111,000.00		
CP/4310-96-44 - Netherlands (UNEP/IUCN Law project)	325,000.00		
CP/4310-96-46 - CIEL (Montevideo 2)	6,650.00		
CP/4330-96-06 - Switzerland (Inform. Resour. Center Study ROE)	20,000.00		
CP/4330-98 -01 - Switzerland (GENEVA Network for Environ.)	152,674.00		
CP/5100-97-70 - Netherlands(Capacity build. in integrated mod.)	129,000.00		
CP/5230-96-01 - Switzerland (ROE Support to RENT of GEC)	76,638.00		
CP/5230-96-40 - Netherlands (Taiga Model final Phase)	39,599.00		
CP/5230-96-41 -MATRA PEBDLS project on Nat. Biodiversity			
Netherlands	44,950.55	NLG	90,000.
CP/5230-98-01- Netherlands (PEBDLS)	63,660.48		
CP/5230-98-02 - Czech Rep. (Biological Landscape in Europe)	43,330.00		
CP/5240-96-01 - Argentina (Ministerial Meet. ROLAC)	4,331.00		
CP/5240-96-01 - InterAmerican Dev. Bank (ROLAC IDB Proj.)	25,167.00		
CP/5240-96-01 - SUPPORT TO AIJ MEETINGS ROLAC			
Ontario Hydro	10,000.00		
IEA	3,000.00		
Peru	15,568.00		
UNDP	25,167.00		
UNDP	1,500.00		
Argentina	27,075.00		
CIEL	6,650.00		
CP/5260-96-01 -Workshop on Environmental Values in			

Islam - Albaraka Islamic Investment Bank	2,000.00
<u>CP/5300-96-01: UNEP's CHILDREN'S ENVIRONMENT</u>	
British Airways	8,137.50
Foundation for Global Plan	3,600.00
Russian Federation	7,980.00
<u>CP/5310-96-01 - IPA's Children's Conference</u>	
Foundation for Global Peace	10,000.00
Apria Kassai	10,000.00
CP/5321-98-06-1601 - Green Planners Network	1,000.00
<u>CP/5400-96-01 - GRID GENEVA</u>	
Switzerland	41,436.00
Switzerland	36,403.00
CP/5510-98-02-98-145 - EEC (Regional inputs into GEO2)	23,539.00
CP/5530-96-56 - Norway (ENDRIN/LAC)	1,500.00
<u>SPECIAL CONTRIBUTIONS</u>	
<u>ROLAC REV FUND-TIERRAMERICA</u>	
Grupo Ica	6,000.00
PEMEX	24,691.00
Corporation Andina de Foment	30,000.00
WWF/Mexico	5,000.00
RONA	211.00
National University (Paraguay)	171.00
<u>PARIS OFFICE</u>	
CP/2104-97-73-EEC (meeting in Rome 28-29 May)	26,378.44
CP/2104-97-75 - France	16,694.00
CP/2104-97-80 -ICM Canada(UNEP/ICME working group)	10,000.00
CP/2104-97-81- France	200,000.00
CP/2104-97-81 - France	32,206.00
CP/2104-97-85 - France(Annual contribution to support the office)	254,669.00
CP/2104-97-86 - EC (Paris/IE Cleaner Production activities)	37,351.00
CP/2104-97-88 - Denmark(Joint Imp. of CC Projects in Africa)	150,000.00
CP/2104-97-89 - Denmark(report on clear prod. in Asia-Pacific)	11,230.00
CP/2104-97-90 - France (IE Paris)	40,717.00
CP/2104-97-91 - France (Annual support to EI)	244,300.00

CP/2104-97-92 - OECD (CDM Worshop)	25,000.00	
CP/2104-97-93 - EEC (Reg. workshop on methyl bromide)	26,378.00	
CP/2104-97-97 - Denmark (Clean Dev. Mechanism)	250,000.00	
CP/2104-97-99 - Wuppertal Institut(Ms. de Larderels costs)	3,877.00	
CP/2104-98-71 - Netherlands(offshore Environ. Forum)	20,000.00	
CP/2104-98-72 - Environ Canada (Ozone activities)	25,318.00	
CP/2104-92-84 - Switzerland (Cost of print ECO Tools Report)	50,000.00	
CP/2104-92-87 - USA/EPA(Final payment to APELL Prog.)	50,000.00	
CP/2104-92-88 - France(Med. Sea study on Toxic discharges)	20,593.00	
CP/2104-92-88- France	125,000.00	

CP/2104-92-99 - (Developing better systems for communication environmental best practice in business EEC	27,324.00	
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JA/CP/0437-228

Jamaica	5,819.00		
Jamaica	11,580.00	J\$	421,411.
Jamaica	5,792.00		
Jamaica	5,791.00		19 M mer
Jamaica	14,436.00	J\$	522,284.

PROGRAMME PROJECTS SUB-TOTAL	5,917,891.97	
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GRAND TOTAL AMOUNT RECEIVED	7,055,266.59
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1 .ANNEX XV

	NAMES OF DONORS	AMOUNTS IN DOLLARS
1	DENMARK	2,021,944
2	NETHERLANDS	995,394
3	SWITZERLAND	657,854
4	CANADA	279,153
5	NEW ZEALAND	129,450
6	USA	106,720
7	EGYPT	85,865
8	FRANCE	80,711
9	SPAIN	63,142
10	GERMANY	63,142
11	JAMAICA	43,418
12	CZECH. REP.	43,330
13	NORWAY	35,955
14	ARGENTINA	31,406
15	BELGIUM	22,000
16	PERU	15,568
17	RUSSIAN FED.	7,980
	TOTAL	4675052

ANNEX XVI: Hard copy only - Flow of Activities Contributions
Receipt to Project Implementation.

Annex XVII - UNON CLOSE UP OF THE TRUST FUND MANAGEMENT UNIT
WITHIN THE UNEP STRUCTURE - Hard copy.

Annex XVIII - UNON SYSTEM OF PROVISIONS OF MANAGEMENT,
ADMINISTRATIVE AND FINANCIAL SERVICES TO UNEP MANAGED TRUST
FUNDS

ANNEX XIX

1.GEF PROJECT CYCLE PROCESS								
1.UNEP								
1	2	3	4	5	6	7	8	9
(a)KEY								
1. Proj. idea identification								
2. Initial Appraisal								
3. UNEP interview review								
4. External Review								
5. Project Screening Comm.								
6. STAP review								
7. Implementation Committee review								
8. Participants Review & Work Program Tranch Authorization								
9. Project Doc. prepared								
10. Project Rev. & Eva. Comm. Approval								
11. Implementation								
12. Monitoring & Evaluation								
1.UNDP								
1	2	3	4	5	6	7	8	9
(a)KEY								
1 Project idea/concept identified in country and endorsed by government								
2. GEF Regional Coordinator reviews project concept								
3. Project Brief prepared in country								
4. External technical review								
5. Interbureau Project Appraisal Committee (PAC)								
6. STAP review								
7. Implementation Committee Review								
8. Participants Review & Work Program Tranche Authorization								
9. Project formulation mission								
10. In-country Project Appraisal Committee								

11. Project Review by area office and GEF regional				Co-ordinator				
12. UNDP/HQ Project Appraisal Committee								
13. Action Committee review								
14. Signature of Proj. Doc implementation arrangements & implementation								
			(i) THE WORLD BANK					
1	2	3	4	5	6	7	8	9
1.KEY								
1. Project idea identified by Implementating Agency, NGO, Government request								
2. Project concept screened by regional environmental divisions								
3. Project screened by GEF Operations Coordinator								
4. Task manager appointed; Initial Executive Project Summary prepared								
5. Technical Review Panel								
6. STAP review								
7. Implementation Committee Review								
8. Participants Review & Work Program Tranche Authorization								
9. Project preparation mission								
10. Final Executive Project Summary Review								
11. Project Appraisal								
12. Review of Memorandum & Recommendation of Director, Country Dept. (MOD)								
13. Negotiations & Govt. approval including public access to MOD								
14. Approval by Regional VP; Board presentation (if Required)								
15. Implementation arrangements & Implementation, supervision								

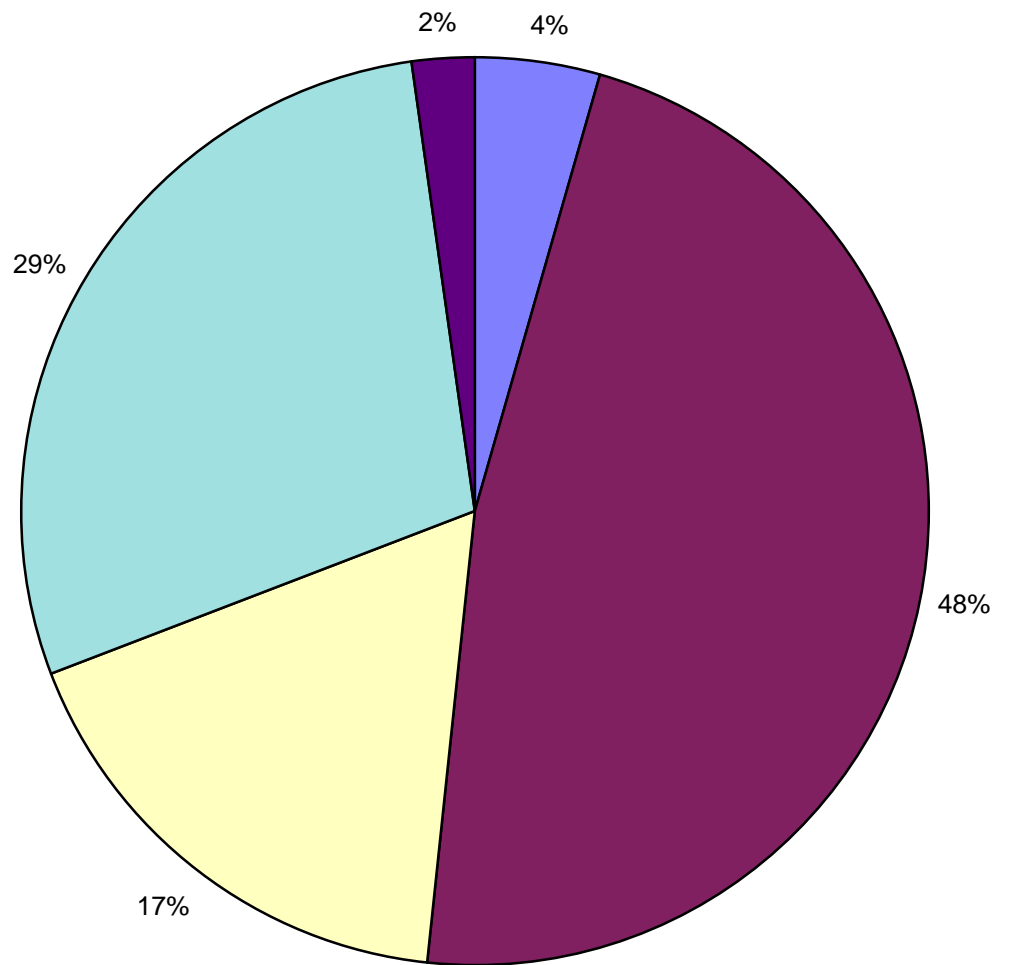
Annex xx is the UNON Organizational Chart - hard copy only.

ANNEX XXI:
SHARE OF TOP TWENTY CONTRIBUTORS TO ENVIRONMENT FUND, UN REGULAR BUDGET, TRUST FUNDS AND COUNTERPART CONTRIBUTIONS, AND GLOBAL ENVIRONMENT FACILITY

		THE ENVIRONMENT FUND			TRUST FUNDS AND C.C.'s			
	COUNTRY	AMOUNT	PERCENTAGE	REGULAR BUDGET PERCENTAGE 2	AMOUNT	PERCENTAGE	GEF (SDR) 3	PERCENTAGE
1	United States of America	8,235,000	17.8	25.000	3,919,128	3.90	306,920,000	21.33
2	United Kingdom	7,277,508	15.8	5.076	12,632,870	12.59	96,040,000	6.68
3	Germany	5,312,085	11.5	9.630	18,435,354	18.37	171,300,000	11.91
4	Japan	5,000,000	10.8	17.981	23,109,113	23.02	295,950,000	20.57
5	Finland	3,073,307	6.7	0.538	1,258,140	1.25	15,450,000	1.07
6	Sweden	2,627,810	5.7	1.099	3,243,980	3.23	41,600,000	2.89
7	Switzerland	2,518,099	5.4	-	3,255,149	3.24	31,970,000	2.22
8	Denmark	2,392,573	5.2	0.687	3,606,474	3.59	25,080,000	1.74
9	Netherlands	2,085,146	4.5	1.619	2,561,974	2.55	50,970,000	3.54
10	Norway	1,983,078	4.3	0.605	2,057,277	2.05	22,290,000	1.55
11	Canada	750,392	1.6	2.825	1,308,576	1.30	61,780,000	4.29

12	Spain	690,550	1.5	2.571	5,383,064	5.36	12,360,000	0.86
13	France	577,558	1.3	6.494	3,275,904	3.26	102,260,000	7.11
14	Austria	463,679	1.0	0.935	1,814,549	1.81	14,280,000	0.99
15	Italy	422,559	0.9	5.394	2,252,888	2.24	81,860,000	5.69
16	Belgium	339,324	0.7	1.096	67,602	0.07	0	0.00
17	Australia	311,400	0.7	1.471	3,425,653	3.41	20,840,000	1.45
18	Kuwait	290,490	0.6	0.154	7,513	0.01	0	0.00
19	China	168,640	0.4	0.901	214,791	0.21	4,000,000	0.28
20	Korea, Republic of	160,000	0.3	0.955	87,086	0.09	4,000,000	0.28
	SUB-TOTAL	44,679,198	96.7	85.031	91,917,085	91.58	1,358,950,000	94.46
	OTHERS	1,524,732	3.3	14.969	8,452,959	8.42	79,710,000	5.54
	GRAND TOTAL	46,203,930	100.0	100.000	100,370,044	100.00	1,438,660,000	100.00

ANNEX XXII: TOTAL UNEP STAFF BY SOURCE OF FINANCING



ANNEX XXIII: UNEP STAFF BY GRADE AND SOURCE OF FINANCING

	A	B	C	D	E	F
GRADE/LEVEL	REGULAR BUDGET^c	ENVIRONMENT FUND^d	MASC^e	TRUST FUNDS AND GEF^a	OTL^b	TOTAL
USG	1	0	0	0	0	1
ASG	0	0	1	0	0	1
D-2	3	1	3	3	0	10
D-1	1	12	5	8	0	26
P-5	6	17	7	17	0	47
P-4	8	27	10	31	3	79
P-3	2	22	4	28	5	61
P-2	1	8	3	15	1	28
G & L	17	133	50	155	12	367
TOTAL	39	220	83	257	21	620

CODE	LOCATION/IMPLEMENTING OFFICE*	DUTY** STATION
General Trust Funds		
AM	Nairobi	
BC	Geneva	
BD	Geneva	
BE	Nairobi	
BV	Nairobi	
BY	Nairobi	
BZ	Nairobi	
CR	Jamaica	
CT	Geneva	
EA	Nairobi	
EE	Nairobi/Geneva	
ES	Nairobi/Bangkok	
ET	Mexico	
FI		
GP	Nairobi	
HL	Nairobi	
KA	Nairobi/Kuwait	
ME	Athens	
MP	Nairobi	
MS	Bonn	
PF	Nairobi	
PN	Nairobi/Bangkok	
PO	Geneva	
PP	Geneva	
RC	New York	
SA	Nairobi	
ST	Nairobi	
VC	Nairobi	
WA	Nairobi	
TECHNICAL COOPERATION T.F's (General)		
AH	Nairobi/Geneva	
AN	Nairobi/Norway	
AS	Nairobi	
BS	Geneva	
CD	Nairobi	
CG	Nairobi	
CM	Nairobi/Geneva/Paris	
DN	Bangkok	
EH	Nairobi	
EL	Nairobi	
EM	Nairobi	
FM	Nairobi/ Paris	
GC	Nairobi/ Norway	
GF	Nairobi	
GM		

GN		
GT		
HA	Nairobi	
IM	Paris	
IP	Paris/ Bangkok	
IT	Nairobi	
JC	Osaka	
JG	Osaka	
KI	Nairobi/ Gulf	
KT		
MH	Bangkok	
MI	Nairobi	
MT		
PA	Nairobi/ Peru	
RU	Nairobi	
VM	Nairobi/ Paris	
Technical Cooperation T.F's (Personnel)/JPO's		
CE	Nairobi	Nairobi
		Paris
EO	Nairobi	
FG		The Hague
FO	Nairobi	
GI	Geneva	
PH		Nairobi
PU		
SD	Nairobi	New York
SN		
TA	Nairobi	
TB	Nairobi	Denmark
TC		Geneva
TD	Nairobi	Paris
		Panama
		Geneva
		Nairobi
		Nairobi
		Nairobi
		Geneva
TE	Nairobi	Geneva
		Geneva
TG	Nairobi	Paris
		Nairobi
TH	Nairobi	Geneva
		Geneva
		Bonn
		Nairobi
		Mexico
		Geneva
		Nairobi
		Paris

		Geneva
		Norway
		Nairobi
		Geneva
TI	Nairobi	Nairobi
		Montreal
		Paris
TJ	Nairobi	Geneva
		Nairobi
		Paris
TK	Nairobi	Nairobi
TN	Nairobi	
TR	Nairobi	
TS	Nairobi	Kingston
		Nairobi
		Bangkok
TU		Nairobi
TX	Nairobi	
UK		
ZA	Nairobi	Paris
Special Accounts And Trust Funds		
MF	Nairobi/ Montreal	