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**Governing Council
of the United Nations
Environment Programme**

**Twenty-sixth session of the Governing Council/
Global Ministerial Environment Forum**
Nairobi, 21–24 February 2011
Item 6 of the provisional agenda*

**Budget and programme of work for the
biennium 2012–2013 and the Environment Fund
and other budgetary matters**

Management of trust funds and earmarked contributions

Report of the Executive Director

Summary

The present report is being submitted to the Governing Council/Global Ministerial Environment Forum at its twenty-sixth session to provide information and suggested action on the management of the trust funds and earmarked contributions that support the programme of work of the United Nations Environment Programme. All figures are given in United States dollars.

* UNEP/GC.26/1.

I. Suggested action by the Governing Council

1. The Governing Council may wish to consider the adoption of a decision along the lines suggested below:

The Governing Council,

Having considered the report of the Executive Director on the management of trust funds and earmarked contributions,¹

I

Trust funds in support of the programme of work of the United Nations Environment Programme

1. *Notes and approves the establishment of the following trust funds since the twenty-fifth session of the Governing Council:*

A. Technical cooperation trust funds

(a) RED – Technical Cooperation Trust Fund to Support the Programme of Work and Responsibilities of the United Nations Environment Programme in the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries, which was established in 2009 with no expiry date;

(b) ESS – Technical Cooperation Trust Fund for the Implementation by the United Nations Environment Programme of Ecosystem-based Adaptation (EBA);

(c) TPL – Technical Cooperation Trust Fund for the Financing of Professional Officers by the Spanish Agency for International Development Cooperation (AECID), which was established in 2009 with no expiry date;

2. *Approves the extension of the following trust funds subject to the Executive Director receiving requests to do so from the relevant Governments or donors:*

B. General trust funds

(a) AML – General Trust Fund for the African Ministerial Conference on the Environment (AMCEN), which is extended up to and including 31 December 2013;

(b) CWL – General Trust Fund for the African Ministers' Council on Water (AMCOW), which is extended up to and including 31 December 2013;

(c) MCL – General Trust Fund in support of Activities on Mercury and its Compounds, which is extended up to and including 31 December 2013;

(d) WPL – General Trust Fund to Provide Support to the Global Environment Monitoring System/Water Programme Office and to Promote its Activities, which is extended up to and including 31 December 2013;

C. Technical cooperation trust funds

(a) BPL – Technical Cooperation Trust Fund for the Implementation of the Agreement with Belgium (financed by the Government of Belgium), which is extended up to and including 31 December 2013;

(b) GWL – Technical Cooperation Trust Fund for the Provision of Support to the Global International Global Waters Projects (financed by the Government of Finland), which is extended up to and including 31 December 2013;

(c) REL – Technical Cooperation Trust Fund for the Promotion of Renewable Energy in the Mediterranean Region (financed by the Government of Italy), which is extended up to and including 31 December 2013.

1 UNEP/GC.26/14.

II

Trust funds in support of regional seas programmes, conventions, protocols and special funds

3. *Notes* and approves the establishment of the following technical cooperation trust fund since the twenty-fifth session of the Governing Council: EAP – Multi-Donor Technical Cooperation Trust Fund for the Implementation of the African Elephant Action Plan, which was established in 2011 with no expiry date;

4. Approves the extension of the following trust funds subject to the Executive Director receiving requests to do so from the relevant Governments or contracting parties:

A. General trust funds

(a) BEL – General Trust Fund for Additional Voluntary Contributions in Support of Approved Activities under the Convention on Biological Diversity, which is extended up to and including 31 December 2013;

(b) BGL – General Trust Fund for the Core Programme Budget for the Biosafety Protocol, which is extended up to and including 31 December 2013;

(c) BHL – Special Voluntary Trust Fund for Additional Voluntary Contributions in Support of Approved Activities of the Biosafety Protocol, which is extended up to and including 31 December 2013;

(d) BYL – General Trust Fund for the Convention on Biological Diversity, which is extended up to and including 31 December 2013;

(e) BZL – General Trust Fund for Voluntary Contributions to Facilitate the Participation of Parties in the Process of the Convention on Biological Diversity, which is extended up to and including 31 December 2013;

(f) CRL – Regional Trust Fund for the Implementation of the Action Plan for the Caribbean Environment Programme, which is extended up to and including 31 December 2013;

(g) ESL – Regional Trust Fund for the Implementation of the Action Plan for the Protection and Development of the Marine Environment and Coastal Areas of East Asian Seas, which is extended up to and including 31 December 2013;

(h) MEL – Trust Fund for the Protection of the Mediterranean Sea Against Pollution, which is extended up to and including 31 December 2013;

(i) MSL – Trust Fund for the Convention on Conservation of Migratory Species of Wild Animals, which is extended up to and including 31 December 2013;

(j) MVL – General Trust Fund for Voluntary Contributions in Support of the Convention on the Conservation of Migratory Species of Wild Animals, which is extended up to and including 31 December 2013;

(k) PNL – General Trust Fund for the Protection, Management and Development of the Coastal and Marine Environment and the Resources of the Northwest Pacific Region, which is extended up to and including 31 December 2013;

(l) ROL – General Trust Fund for the Operational Budget of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, which is extended up to and including 31 December 2013;

B. Technical cooperation trust funds

(a) BIL – Special Voluntary Trust Fund for Voluntary Contributions to Facilitate the Participation of Parties, in particular the Least Developed and the Small Island Developing States among Them, and Parties with Economies in Transition (Biosafety Protocol), which is extended up to and including 31 December 2013;

(b) RVL – Special Trust Fund for the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, which is extended up to and including 31 December 2013;

(c) VBL – Voluntary Trust Fund to Facilitate the Participation of Indigenous and Local Communities in the work of the Convention on Biological Diversity, which is extended up to and including 31 December 2013.

II. Management of trust funds

2. The present chapter describes the various actions that the Executive Director of the United Nations Environment Programme (UNEP) has taken and intends to take with regard to the trust funds managed by UNEP. It also sets out the actual expenditure of the trust funds for the biennium 2008–2009, revised estimated expenditure for the biennium 2010–2011 and projected expenditure for the biennium 2012–2013.

A. Trust funds

3. The United Nations system has two types of trust funds: technical cooperation trust funds and general trust funds. The former are those that provide economic and social development assistance to developing countries. In UNEP, this category includes the trust funds that finance the employment of Junior Professional Officers and Senior Programme Officers. The latter support activities other than those exclusively in the nature of technical cooperation.

4. In addition, UNEP distinguishes between the following categories of trust funds:

- (a) Those that provide direct support to the UNEP programme of work;
- (b) Those that provide support to UNEP-administered conventions, protocols and regional seas programmes;
- (c) Those belonging to a special category of trust funds supporting activities supported by UNEP.

5. As at 30 November 2010, there were 90 active trust funds, as shown in table 1.

Table 1
Active trust funds as at 30 November 2010

| <i>Description</i> | <i>General trust funds</i> | <i>Technical cooperation trust funds (general)</i> | <i>Technical cooperation trust funds (personnel)</i> | <i>Total</i> |
|--|----------------------------|--|--|--------------|
| Provide direct support to the UNEP programme of work | 15 | 19 | 17 | 51 |
| Provide support to conventions, regional seas programmes and protocols | 29 | 3 | – | 33 |
| Special category of trust funds | – | 5 | – | 6 |
| Total | 44 | 27 | 17 | 90 |

6. The special trust fund category includes the Trust Fund for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer. UNEP acts as the treasurer of the Multilateral Fund and accounts for the receipt and disbursement of resources (including promissory notes). UNEP is also one of the implementing agencies of the Multilateral Fund and has established a separate trust fund for that purpose (the Technical Cooperation Trust Fund for UNEP's Implementation of the Multilateral Fund Activities). Trust funds funded by the Global Environment Facility (GEF) and related to the programme funded principally by it, for which UNEP is an implementing agency, also fall in this category. The Technical Cooperation Trust Fund for the Global Environment Facility is the main trust fund for the implementation by UNEP of the GEF programme. Other trust funds in this category include the Technical Cooperation Trust Fund for the management of UNEP/GEF National Adaptation Programme of Action for Least Developed Countries; the Technical Cooperation Trust Fund for the Fee Based Programme of the Global Environment Facility for the provision of administrative support for implementation by UNEP of the GEF programme; and the Technical Cooperation Trust Fund for the management of the UNEP/GEF Special Climate Change fund programme.

7. Over the period between the twenty-fifth session of the Governing Council/Global Ministerial Environment Forum and 30 November 2010, the Executive Director established two new trust funds, which provide direct support to the UNEP programme of work.
8. A complete list as at 30 November 2010 of all the trust funds active during part or all of the bienniums 2008–2009, 2010–2011 and 2012–2013 may be found in annex V to document UNEP/GC.26/INF/6.
9. It should be noted that UNEP establishes trust funds with programmes and objectives that fall within the UNEP programme of work.
10. Summaries of the actual expenditure for the biennium 2008–2009, estimated expenditure for the biennium 2010–2011 and projected expenditure for the biennium 2012–2013, disaggregated by the various categories of trust funds, are given in tables 3–5.
11. The actual expenditure for the biennium 2008–2009 is presented in table 2. It amounted to \$704.1 million, of which \$119.3 million related to trust funds directly supporting the UNEP programme of work, while \$175.6 million and \$409.2 million related to conventions, protocols and regional seas programmes, and to special accounts and trust funds, respectively.

Table 2
Actual trust fund expenditure for the biennium 2008–2009

| <i>Description</i> | <i>General trust funds</i> | <i>Technical cooperation trust funds (general)</i> | <i>Technical cooperation trust funds (personnel)</i> | <i>Total</i> |
|---|----------------------------|--|--|----------------|
| Provides direct support to the UNEP programme of work | 38 029 | 73 475 | 7 815 | 119 319 |
| Provides support to conventions, regional seas programmes and protocols | 137 167 | 38 418 | – | 175 585 |
| Special category of trust funds | 409 188 | – | – | 409 188 |
| Total | 584 384 | 111 893 | 7 815 | 704 092 |

12. Table 3 shows that for the biennium 2010–2011 the total estimated expenditure of \$747 million for the biennium may be further broken down into \$162.2 million for trust funds directly supporting the UNEP programme of work, \$175.6 million for trust funds for conventions, protocols and regional seas programmes, and \$409.2 million for special accounts and trust funds.

Table 3
Estimated trust fund expenditure for the biennium 2010–2011

| <i>Description</i> | <i>General trust funds</i> | <i>Technical cooperation trust funds (general)</i> | <i>Technical cooperation trust funds (personnel)</i> | <i>Total</i> |
|---|----------------------------|--|--|----------------|
| Provides direct support to the UNEP programme of work | 36 000 | 118 125 | 8 075 | 162 200 |
| Provides support to conventions, regional seas programmes and protocols | 137 167 | 38 418 | – | 175 585 |
| Special category of trust funds | 409 188 | – | – | 409 188 |
| Total | 582 355 | 156 543 | 8 075 | 746 973 |

13. The projected expenditure for the biennium 2012–2013 amounts to \$777.4 million, of which \$157 million will relate to trust funds directly supporting the UNEP programme of work, \$186.3 million to conventions and regional seas programmes and \$434.1 million to special accounts and trust funds, as shown in table 4.

Table 4

Projected trust fund expenditure for the biennium 2012–2013

| <i>Description</i> | <i>General trust Funds</i> | <i>Technical cooperation trust funds (general)</i> | <i>Technical cooperation trust funds (personnel)</i> | <i>Total</i> |
|---|----------------------------|--|--|----------------|
| Provides direct support to the UNEP programme of work | 56 251 | 87 098 | 13 664 | 157 013 |
| Provides support to conventions, regional seas programmes and protocols | 145 520 | 40 758 | – | 186 278 |
| Special category of trust funds | 434 108 | – | – | 434 108 |
| Total | 635 879 | 127 856 | 13 664 | 777 399 |

B. Earmarked contributions

14. In accordance with rules 204.1 and 204.2 of the financial rules of the Environment Fund, the Executive Director may accept earmarked contributions in the form of agreed contributions from Governments or cooperating agencies or supporting organizations or others made in cash or in kind to support specific activities, services and facilities, as set out in individual project documents.

15. Of the total earmarked expenditure of \$99.8 million during the biennium 2008–2009, \$82.5 million took the form of direct support for the UNEP programme of work and \$17.4 million was spent on activities by conventions, regional seas programmes and protocols. This represents an overall increase of \$26.6 million over the previous biennium, when the combined total expenditure in terms of earmarked contributions was \$73.3 million.

16. Expenditure in terms of earmarked contributions for 2010–2011 and 2012–2013 in support of the UNEP programme of work are estimated at \$66 million and \$104 million, respectively. At the same time, earmarked contributions to conventions, regional seas programmes and protocols are estimated to increase marginally from \$17.4 million in 2008–2009 to \$18 million in 2010–2011 and to further increase to \$19.1 million in 2012–2013.

17. A breakdown of the actual expenditure for the biennium 2008–2009 and the estimated expenditure for the biennium 2010–2011 and biennium 2012–2013 is given in table 5.

Table 5

Earmarked contributions for the bienniums 2008–2009, 2010–2011 and 2012–2013

| <i>Earmarked contributions for:</i> | <i>2008–2009 actual expenditure</i> | <i>2010–2011 revised estimated expenditure</i> | <i>2012–2013 projected expenditure</i> |
|---|-------------------------------------|--|--|
| Direct support for the UNEP programme of work | 82 466 | 66 000 | 84 872 |
| Activities of conventions, regional seas programmes and protocols | 17 366 | 18 000 | 19 096 |
| Total | 99 832 | 84 000 | 103 968 |

18. Document UNEP/GC.26/INF/6 contains tables providing details on actual expenditure for the biennium 2008–2009, estimated expenditure for the biennium 2010–2011 and projected expenditure for the biennium 2012–2013 for all trust funds administered by UNEP.