



**United Nations
Environment
Programme**

EP



UNEP(DEPI)MED WG 320/Inf.5
24 July 2007

ENGLISH



MEDITERRANEAN ACTION PLAN

Meeting of MAP Focal Points

Madrid (Spain), 16-19 October 2007

**FINANCING OF THE MEDITERRANEAN ACTION PLAN
FOR THE 2008 – 2009 BIENNIUM**

Introduction

The Secretariat is submitting for the consideration of the MAP Focal Points in October, 2007 and approval by the Contracting Parties in January, 2008, a programme of work for the biennium 2008 – 2009, contained in document UNEP(DEPI)MED WG.320/21 for the implementation of activities resulting from previous decisions of the Contracting Parties as well as the decisions that are expected to be approved by the 15th Meeting of the Contracting Parties. This programme of work will be updated in accordance with the decisions adopted by the 15th Meeting of the Contracting Parties.

The proposed programme of work is presented in logical framework fiche with respect to the different MAP components including the COORDINATING UNIT, MED POL and the Regional Activity Centres (RACs) showing goals, objectives, related activities and expected outputs. This approach in the preparation of the Programme of Work has been adopted in accordance with the expressed wish of the MAP Focal Points in Catania during the extraordinary meeting of MAP Focal Points in November, 2006. It is also being adopted in anticipation of the approval by the Contracting Parties of the Governance Paper which advocates this format. The financial resources required for the implementation of each activity within a given objective are also given.

This is an information document and background to the discussion on the proposed Programme of Work and Budget in view of the decisions that are expected to be taken during the meeting. It helps also to facilitate an informed debate in order for the MAP Focal Points to arrive at the right decisions that will ultimately have a bearing on the future financing of MAP.

Mediterranean Trust Fund (MTF)

The core administrative and operating costs of the Coordinating Unit and those of some of the MAP components as well as the programme of activities of the Mediterranean Action Plan including MED POL, the Mediterranean Commission for Sustainable Development and of the Regional Activity Centres, with the exception of CP/RAC and to a certain extent INFO/RAC, are financed mainly from the Mediterranean Trust Fund (MTF).

The main sources of financing for the programme budget include the following:

- a) Mediterranean Trust Fund;
- b) EC Voluntary Contribution;
- c) Greek Counterpart Contribution;
- d) UNEP Counterpart Contribution;
- e) Other earmarked contributions.
- f) Bank Interest.

Table I shows the projected sources of financing for the biennium 2008 – 2009.

Ordinary contributions by the Contracting Parties to the MTF constitute the regular budget of MAP and its components and are the most important factor in the process of ensuring adequate, stable and predictable financial resources for the implementation of the biennial programme of work. Ordinary contributions to the MTF have been stable for the last 30 years and today constitute 77% of total financial resources of MAP. The balance is made up of the EC voluntary contribution, the Greek Government Host Country contribution and other earmarked contributions. Unpaid contributions, which normally amount to over a million Euros for the previous biennium, constitute an unnecessary strain on the MTF. Therefore, the priority for MAP in resource mobilization is to secure timely and adequate contributions

from all the Contracting Parties to the Mediterranean Trust Fund. Table II shows the status of contributions as at 30 June 2007.

In determining the ordinary contribution of the Contracting Parties to the Mediterranean Trust Fund, the Secretariat applies the existing United Nations scale of assessment. The scale of assessment and consequently the level of contributions have remained unchanged for many years. Table III shows the indicative scale of Ordinary Contributions to the MTF by each Contracting Party.

Also, in accordance with the United Nations Financial Rules and Regulations, UNEP charges MAP, and other Regional Seas Programmes, a fee of 13% for Programme Support Cost (PSC) on the expenditure of trust funds and earmarked contributions. On the basis of an agreement between UNEP and the EC, the latter's voluntary contribution is only charged a fee of 4.5%. The fees generated through the PSC are utilized for financial management and administrative services provided by UNEP to the Trust Funds, including the MTF, in support of their programme of work. In the case of MAP, nine general service posts and one Professional Officer are financed through the PSC budget.

Additional external funding in the form of earmarked contributions made by Governments, the European Commission, UNEP and other cooperating agencies or supporting organisations is received in cash and in kind both by the Coordinating Unit and the RACs to support specific activities, services and facilities as set out in individual project documents.

There is also a long history of countries offering to host meetings both of the Contracting Parties and Focal Points and MCSDD and also of training events, symposia, workshops, etc. These costs fall directly to the national administrations and the funds are not processed through the MTF. These supplementary funds are vital to the programme as they allow MAP to implement fully the work programme approved by the Contracting Parties.

New commitments

The programme of work for the biennium 2008-2009 that will be submitted for adoption by the 15th Meeting of the Contracting Parties envisages an increase in financial resources over the amount budgeted for the period 2006-2007. This is required not only to meet the increase in costs directly linked to the tasks resulting from existing Decisions of the Contracting Parties, but also to finance new activities and commitments including:

- a) The implementation of the new Protocol on Coastal Zone Management which is expected to be adopted at the 15th Meeting of the Contracting Parties in January, 2008;
- b) the implementation of the Ecosystem Approach by MAP, assuming that the Contracting Parties agree in principle to the Secretariat's proposal as outlined in the respective draft Decision UNEP(DEPI)/MED WG 320/11;
- c) the meetings of the new Compliance Committee which is expected to be set up following the 15th meeting of the Contracting Parties;
- d) the 2008 and 2009 standard salary costs for UN Professional Officers. These have been adjusted by 5% per annum in accordance with UN budgetary policy and provide for staff costs including educational grants, dependency allowances and post adjustments which are meant to buffer the impact of the cost of living in Greece and the fluctuation of the exchange rate of the US\$ against the Euro;

- e) the cost of living increase for the staff at PAP/RAC, BP/RAC and SPA/RAC in accordance with the official rates established by the respective national authorities;
- f) the inclusion of the full funding for the post of Deputy Coordinator at D1 level;
- g) the increase in the salary of the Scientific Director of SPA/RAC, in the case of an expatriate, to bring it at the same level of the foreign experts at the Centre;
- h) the organization of the Conference of the Parties, the Bureau, the MCSD, the MAP and RAC Focal Points and the various thematic working groups;
- i) the increase in the volume of documents for these meetings which require substantially higher amount of resources for translation;
- j) adjustments in operational expenses such as office maintenance costs, communications, supplies, computer equipment etc.;
- k) the participation of the representatives of the Contracting Parties in the meetings organized within the MAP system.

Increase in Financial Resources

At their 13th Ordinary Meeting in Catania, in 2003, the Contracting Parties agreed not to authorize any increase in the rate of ordinary contributions for the two biennia 2004/2005 and 2006/2007 following their decision to adopt the Euro as the operating currency for MAP instead of the Dollar which resulted in an increase in the financial contributions to the MTF. At the same time this did not result in any surplus of funds in the MTF because all the income from the contributions was budgeted for activities and the running costs of MAP. Before this freeze was applied, the Contracting Parties used to approve a percentage increase in the ordinary contributions every biennium.

In order to meet the anticipated additional costs in the programme budget for the reasons outline earlier, the Secretariat had the intention to submit a request to the next meeting of the Contracting Parties for an increase in respect of the ordinary contributions for the financial year 2008 and 2009. This issue was raised at the last Bureau meeting held in Madrid on 2/3 July, 2007. The Bureau recommended that the Meeting of MAP Focal Points should review the programme of work and, if it is concluded that additional funding is required, to decide whether this should be covered through an increase in the ordinary contribution, voluntary contributions for specific activities, the reallocation of existing financial resources to cover priority areas or by seeking additional sources of funding.

Aware that in recent years, pressures on the national budgets have increased and there is clear evidence of a reluctance to increase contributions to the MTF in the next biennium, also because of the fact that Contracting Parties did not have advance notice for an increase in their ordinary contributions, the Secretariat has requested all MAP components to prepare their programme of work on a zero increase basis and to allocate their existing financial resources to cover priority areas. In most cases, the RACs and MED POL shifted funds from the activities to cover the increases in personnel and operating costs.

In the case of the Coordinating Unit, the additional costs for personnel and operating costs, as well as Coordinating Unit's in cash contribution to the GEF Project will be covered from the revolving fund which, at the end of December, 2006 stood at \$2.8 million. The revolving fund is made up of unspent balances from the first year of the biennium but most of it is normally taken up during the second year when most of the commitments become due. Unspent balances which had accumulated from unutilised commitments in previous biennia, have been systematically reduced to offset the difference between the approved budget and unforeseen costs. This was the case, for example, during the current biennium with respect to the organization of three additional meetings of the Working Group of Legal and Technical experts to develop the draft text of the ICZM protocol. Moreover, for four consecutive years

since 2003 there has not been an increase in the ordinary contributions, and there will not be an increase either in the next biennium.

Efforts will be intensified by the Secretariat to mobilize additional financial voluntary and earmarked contributions from Governments, United Nations agencies, donor institutions and other organizations. These supplementary funds are very important as they allow MAP to implement fully the programme of work approved by the Contracting Parties. MAP is also developing multi-year partnership agreements with selected donors for streamlined and predictable provision of funding towards priority programmes as is the case with the GEF Strategic Partnership for the Mediterranean Large Marine Ecosystem. MAP's in cash contribution towards the GEF project over the five years of the project (2008-2012) amounts to US\$3,376,000. But this will mobilize an additional US\$15,061,000 in grants (US\$8,211,000 from GEF and US\$6,850,000 from other sources) that will benefit both the Mediterranean marine environment and national authorities and local communities. Table IV shows UNEP/MAP co-financing sources, GEF contribution and other sources of co-financing.

Conclusion

The budget being presented for 2008-2009 is a realistic one in the sense that what is being proposed does not relate to a desired programme the total cost of which exceeds the available financial resources. At the same time it is hoped that the additional funds can be found from other usually unspecified external sources. Still these continue to be featured in order to spur the Coordinating Unit and the RACs to make every effort to obtain these external funds. Obviously, the corollary to this is that if this funding is not found, the activities will not be carried out.

In real terms, the contributions of the Contracting Parties to the MTF are falling whilst the expectations on its funds are actually increasing e.g. new ICZM Protocol, Compliance Committee, the development of the ecosystems approach which envisage new working groups and meetings all of which will be serviced and coordinated by the Coordinating Unit or the RACs. With the organisation of other institutional meetings demands on the MTF will increase and this will affect the ability of MAP in the future to cover all areas of work.

It should be emphasized that the activities carried by the Coordinating Unit and MAP components are mainly coordination, technical assistance and capacity building. It is not the role of MAP to fund major physical projects but to catalyse support in order to enhance the capacities of the Contracting Parties to help them improve their institutional capabilities and the management of their marine environment, safeguard biodiversity and the management of their coastal zones. MAP is now being successful also in attracting additional financing to the region from major donors including the World Bank through the GEF Strategic Partnership and the EIB through the Horizon 2020 initiative.

The Secretariat does not generate any revenue from its activities either. As the programme of work becomes more ambitious the core costs to facilitate its activities will increase. The core costs include expenses for staffing, meetings, rent and operational facilities, support for MAP activities in the developing countries, expert assistance and limited consultancies. Therefore it is important to secure stable and sustainable funding for these activities at all levels.

In this regard, it is worth pointing out that at the 7th Global Meeting of the Regional Seas Conventions and Action Plans, held in Helsinki, Finland, a brief was compiled analysing five regional seas secretariats (OSPAR, HELCOM, MAP, PAME, CEP) with respect to their costs. The review showed that staff-related costs (including consultant services) was the highest cost expenditure making up 50% to 80% of the total budget for the period 2000-2004. In the

case of MAP, staff related costs for the current biennium represent 62% of total budget out of which 36.37% represent cost of personnel.

While demands on the budget tend to increase rather than decrease, contributions to the MTF have not increased at the same rate. In recent years they have not increased at all. Accordingly it is clear that some adjustments will have to be made, both in terms of how funding is derived and also how the funds are allocated.

At the same time, the Contracting Parties should consider to increase their contributions to the MTF with effect from 1st January, 2010. The level of the increase should be determined following a financial management audit by UNEP in 2008. This exercise should determine, for example, whether funds allocated to other UN organization and bodies in support of MAP activities should continue to be funded through the MTF. Whether the financial contributions from national authorities and UN organisations in support of the RACs financed out of the MTF are realistic by today's standards and commitments. How to make savings on unnecessary costs. Then, as a last resort, the financial management audit should determine also whether an increase in the ordinary contributions would be justified. The results of this exercise will be communicated to the Contracting Parties at the earliest opportunity, but definitely by not later than the end of 2008, so that, in case an increase in the ordinary contributions for 2010-2011 biennium is recommended, they would have sufficient advance notice in order to provide for such an increase in their national budgets.

The MTF budget is not large enough by international expenditure standards and a relatively small percentage increase, if this would be justified, would permit quite a lot more to be achieved.

Table I: Sources Of Financing For 2008 2009

A. Income	2008	2009
MTF Contributions	5,557,277	5,557,277
Greek Counterpart Contribution	440,000	440,000
UNEP Counterpart Contribution	15,000	15,000
Voluntary Contribution of EC	598,568	598,568
Unpaid Pledges for 2006/07 and prior years (average estimate)	1,500,000	
Bank Interest 2008-2009 (estimate)	390,000	
Provisions from the revolving fund	568,092	
Total expected income	15,679,782	

* GEF Counterpart contribution to these activities is Euro 2,430,456 for the 2008 2009 biennium.

Table II: Trust Fund for the Protection of the Mediterranean Sea against Pollution (ME)

**Status of contributions as at 30 June 2007
(Expressed in Euros)**

COUNTRIES	Unpaid pledges for 2006 & prior yrs	Adjustments	Pledges for 2007	Collections during 2007 for 2007 and fut. yrs	Collections during 2007 for prior yrs	Collections during 2007 for prior yrs - US \$	Unpaid pledges for prior yrs.	Unpaid pledges for 2007 & prior yrs
Albania	1,775	0	3,877	0	0	0	1,775	5,652
Algeria	174,489	0	58,163	0	0	0	174,489	232,652
Bosnia & Herzegovina	0	0	16,619	16,619	0	0	0	0
Croatia	0	0	53,730	0	0	0	0	53,730
Cyprus	0	0	7,755	7,755	0	0	0	0
Egypt	132	0	27,143	0	0	0	132	27,275
European Union	0	0	138,483	138,483	0	0	0	0
France	0	0	2,103,262	2,103,262	0	0	0	0
Greece	155,653	0	155,653	0	155,653	0	0	155,653
Israel	79,151	0	81,427	56,187	79,151	0	-0	25,239
Italy	0	0	1,737,670	1,737,670	0	0	0	0
Lebanon	3,641	0	3,877	0	0	0	3,641	7,518
Libyan Arab Jamahiriya	230,717	0	109,124	0	0	0	230,717	339,841
Malta	3,877	0	3,877	3,877	3,877	0	0	0
Monaco	0	0	3,877	3,877	0	0	0	0
Morocco	90,938	0	15,511	0	90,938	0	0	15,511
Serbia and Montenegro	18,000	0	18,000	0	0	0	18,000	36,000
Slovenia	6,129	0	37,113	37,113	6,129	0	0	0
Spain	0	0	830,337	0	0	0	0	830,337
Syrian Arab Rep.	-428	0	15,511	0	0	0	-428	15,083
Tunisia	23,264	0	11,632	0	10,863	0	12,401	24,033
Turkey	0	0	124,634	124,634	0	0	0	0
T o t a l	787,338	0	5,557,275	4,229,477	346,611	0	440,727	1,768,525

Additional Contributions (for information only)								
European Commission	0	0	598,569	598,569	0	0	0	-1
Host Country *	348,304	0	440,000	0	0	0	348,304	788,304
UNEP Env. Fund	0	0	0	0	0	0	0	0
T o t a l	1,135,641	0	6,595,844	4,828,046	0	0	789,031	2,556,828

Table III: Scale of Contributions to the Mediterranean Trust Fund

Contracting Parties	%
Albania	0.07
Algeria	1.05
Bosnia and Herzegovina	0.30
Croatia	0.97
Cyprus	0.14
EC	2.49
Egypt	0.49
France	37.85
Greece	2.80
Israel	1.47
Italy	31.27
Lebanon	0.07
Libya	1.96
Malta	0.07
Monaco	0.07
Morocco	0.28
Serbia and Montenegro	0.32
Slovenia	0.67
Spain	14.94
Syria	0.28
Tunisia	0.21
Turkey	2.24
Sub-total	100.00

Table IV: UNEP/MAP co-financing sources, GEF contribution and other sources of co-financing

Name of Co-financier (source)/Sub-Component	Total Amount \$ 2008 - 2012	Amount \$ Biennium 2008-2009	GEF Amount \$ 2008-2012	Other sources of co-financing \$ 2008-2012
<i>PAP-RAC/ Sub-Component 1.2 Integrated Coastal Zone Management</i>	152,000 (50,000 cash/102,000 in kind) PAP/RAC budget	75,200 (27,200 cash/ 48,000 in kind)	950,000	1,012,700 [75,200 (METAP) mostly in kind + 937,500 (Participating countries), in kind]
<i>MEDPOL/ Sub-Component 2.1 Policy; Sub-Component 2.3 POPs; Sub-Component 4.1/ Activity 4.1.4 Sustainable Financial Mechanism</i>	2,426,000 (1,876,000 cash/ 550,000 in kind)	430,000 [320,000* cash (170,000 Policy+ 120,000 POPs+ 30,000 SFM) 110,000 in kind] MTF budget	3,200,000	700,000 in kind (Participating countries)
<i>CP/RAC/ Sub-Component 2.3 POPs</i>	850,000 (450,000 cash/400,000 in kind)	250,000 (90,000 cash 160,000 in kind CP/RAC own Budget	400,000	0
<i>SPA/RAC - Component 3 (existing MPAs)</i>	600,000 (250,000 cash/350,000 in kind)	240,000 (120,000 cash/120,000 in kind)	0	6,900,000 [5,800,000 cash (FFEM and Spanish Agency for International Cooperation and Andalusian Regional Government) +1,100,000 in kind (participating countries)]
<i>UNEP-MAP/ Sub-Component 4.1 (Project Management, Coordination and M&E)</i>	1,000,000 (750,000 cash/250 in kind)	381,000 (100,000 in kind/ 281,000 cash)	2,041,000	0
<i>INFO RAC/ Sub-Components 4.2 and 4.3 (Information and Replication)</i>	343,200 (in kind)	260,000 (in kind)	1,620,000 (800,000 for the first biennium)	1,100,000 Cash (Regional Government of Sicily) [INFO/RAC will use all the amount in the first biennium]
Total co-financing	5,371,200	1,636,200		9,712,700
of which in cash	3,376,000	838,200		6,900,000
of which in kind	1,995,200	798,000		2,812,700
Total (cash) GEF			8,211,000	
			3,284,400	

* The participating countries have also committed for the overall project an amount of 11,300,000 USD in kind