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African Ministerial Conference on the Environment**African Ministerial Conference on the Environment****Fifteenth session**

Meeting of the expert group

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Item 4 (b) of the provisional agenda*

Presentations on matters related to the African**Ministerial Conference on the Environment process:****Trust Fund of the African Ministerial Conference on the Environment****Status of the general trust fund of the African Ministerial Conference on the Environment****Note by the secretariat****I. Introduction**

1. The United Nations Environment Programme (UNEP), in collaboration with the then Organization of African Unity and the Economic Commission for Africa, organized the first session of the African Ministerial Conference on the Environment in Cairo in December 1985. Since then, 14 regular sessions of the Conference have been held, hosted by various African countries. In addition, five special sessions of the Conference have been convened to consider specific issues of concern to the region.

2. Funding for the operations of the African Ministerial Conference on the Environment as originally conceived at its first session were to come from two sources:

(a) Voluntary contributions by member States from an agreed percentage of funds provided by respective United Nations Development Programme country offices under budget lines generally known as indicative planning figures;

(b) Contributions from donor countries and agencies.

3. It was calculated that, on the basis of a 5 per cent indicative planning figure contribution from each Government each year, African Governments would contribute \$32 million over a five-year period. It was considered that this approach would be effective in attracting support from donors. However, none of the States members of the African Ministerial Conference on the Environment ever allocated funds from their indicative planning figure budget lines, and the resulting lack of funding became one of the main constraints facing the Conference and a major underlying reason for its challenges in implementing many projects and activities.

A. Background information on the general trust fund

4. Given the financial constraints that had hampered its activities, at its fourth session, in 1991, the African Ministerial Conference on the Environment decided to set up a general trust fund to ensure a sustainable financial basis for the Conference and thereby enhance its effectiveness.

5. The general trust fund was established in accordance with article 27 of the Constitution of the African Ministerial Conference on the Environment. The main objective of the fund is to provide financial support, wholly or partially, for the functioning of the organs of the Conference and the

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implementation of its activities. The Constitution provides that pledges of contributions to the trust fund shall be made at each session of the Conference and that the fund shall be an agenda item at each regular session.

6. The general trust fund was established on the basis of voluntary contributions. However, at the sixth session of the African Ministerial Conference on the Environment, it was reported that only a few member States had made contributions to the fund. Aware of the importance of the fund as the major means of resource mobilization and the most important means of securing the commitments of African Governments to the Conference, it was felt that mandatory contributions would be necessary to mobilize the financial resources required to implement the activities of the Conference.

7. At its eighth session, held in Abuja in April 2000, the African Ministerial Conference on the Environment accordingly adopted a series of proposals for policy and institutional change. In its decision 8/5, the Conference resolved to restructure its institutional arrangements and adopt a scale of member State contributions to the general trust fund. In the same decision, it urged its member States to increase their contributions to the trust fund to a total of \$3 million by December 2001 on the basis of the new system of contributions agreed upon at that session. It appealed to donor Governments to make generous contributions to the fund. It also mandated UNEP to invoice member States for their contributions to the fund on the basis of the goodwill enshrined in the decisions taken with regard to the fund.

8. At the thirteenth session, in June 2010, a number of representatives suggested that the work of the African Ministerial Conference on the Environment required considerable financial resources and that it was necessary to ensure that the general trust fund was adequately funded. They therefore urged member States to pay their contributions to enable the Conference to scale up its work and tackle the perennial financial constraints that it faced.

9. At the fourteenth session, a number of representatives again expressed concern that the non-contribution by some member States to the trust fund continued to affect the ability of the African Ministerial Conference on the Environment to carry out its activities. Member States were urged to clear their outstanding mandatory contributions and to work with all organs of their Governments to ensure that the mandatory annual contributions to the fund were made in a timely manner.

10. There has, however, been limited success in ensuring that all member States make their contributions to the trust fund and do so on a timely basis. Many member States have yet to contribute to the fund, despite continual appeals by the African Ministerial Conference on the Environment and reminders by the secretariat to member States to fulfil their pledges and commitments. The rather slow mobilization of financial resources from member States and other partners has continued to be the major constraint on ensuring the effective implementation of the programme of work, activities and decisions of the Conference and on meeting the administrative costs of running the secretariat.

11. Currently, contributions to the trust fund, and the interest that is generated, are in decline, rendering the situation unsustainable. Unpaid pledges amounting to \$2.1 million had to be written off in 2010, and contributions to the fund continue to be irregular and insufficient. There has, however, been a slight improvement in the number of member States that made their contributions to the fund for the period 2012–2014 as a result of continued encouragement and follow-up by the secretariat.

B. Resolution adopted at the thirteenth session

12. In its decision 13/4, the African Ministerial Conference on the Environment resolved:

- (a) To urge Governments to make every effort to pay their contributions to the general trust fund;
- (b) Also to urge Governments to make a compulsory yearly minimum contribution of \$10,000 to the general trust fund to enable the Conference to carry out its activities;
- (c) To urge those Governments that can pay more than the yearly minimum contribution to the general trust fund to do so to enable the Conference to scale up its activities;
- (d) To agree to invest \$2 million of the principal of the general trust fund as an absolute minimum investment;
- (e) To request the Bureau to establish a working group to review new and more efficient methods and modalities to mobilize resources;
- (f) To request the President of the Conference to send regular reminders to member States to make their contributions;

(g) To use the interest generated by the general trust fund and the remainder of the principal that is not invested to carry out Conference activities, cover the costs of Bureau meetings and meet the costs of regular sessions of the Conference and to request the secretariat to make proposals on such use for approval by the Bureau prior to implementation;

(h) To agree that the general trust fund should continue to be managed by UNEP as long as the secretariat of the Conference remains with that organization;

(i) To request the secretariat to continue reporting on the status and use of the general trust fund at sessions of the Conference;

(j) To extend its appreciation to UNEP and to urge its Executive Director to continue to provide support to the Conference.

13. As decided at the thirteenth session and reiterated at the fourteenth session, letters reminding member States to make contributions to the trust fund were sent out. Contributions received from member States in the biennium 2012–2013 amounted to \$432,543, with the interest generated by the trust fund over the same period totalling \$41,034. Miscellaneous income amounted to \$1,419. Total income for the biennium 2012–2013, therefore, amounted to \$474,996.

14. Contributions received from member States in 2014 amounted to \$282,940, with the interest generated by the trust fund over the same period totalling \$9,995. The African Development Bank contributed \$50,000 to the trust fund, as indicated in the financial statement. Therefore, total income for the year 2014 amounted to \$342,935.

15. UNEP, as the Conference secretariat, continues to manage the general trust fund, which is audited together with the other UNEP trust funds. The most recent audit undertaken resulted in no auditor recommendations for the attention of the Conference. The statement of income and expenditure and changes in reserves and fund balances for the biennium 2012–2013, together with the 2014 financial statement based on interim unaudited financial accounts of UNEP, is set out in annex I to the present note. The status of member State contributions to the trust fund as at 31 December 2014 is shown in annex II.

16. The rather slow mobilization of financial resources from member States and other partners has continued to be the major constraint on the effective implementation of decisions of the African Ministerial Conference on the Environment and its programme of work. Furthermore, it is becoming ever more challenging to convene special sessions of the Conference in the periods between regular sessions.

17. It is important to note that on average the cost of convening a session of the African Ministerial Conference on the Environment is approximately \$1.3 million. There is an urgent and increasing need for all member States to make their contributions to the general trust fund in a timely manner and on a regular basis.

II. Proposed use of the trust fund

18. Pursuant to decision 13/4, the secretariat prepared a proposal for the use of the interest generated by the general trust fund and the remainder of the principal that is not invested to fund the implementation of Conference activities.

19. Limited financial support from development partners was also received during the reporting period to cover some of the activities undertaken. The Executive Director of UNEP has also continued to make resources available to cover the secretariat's administrative costs and some activities. It should be noted, however, that currently most development partners favour co-financing for the programmes and projects that they fund.

20. Since the interest earned on the trust fund is relatively small, the balance of the fund may in future have to be used for sponsoring meetings – an approach that may not be sustainable in the long term. A fixed percentage of the principal may be used for some key activities or as leverage funds for resource mobilization.

III. Criteria for contributions to the general trust fund

21. Article 27 of the Constitution of the African Ministerial Conference on the Environment provides that pledges to the fund shall be made at each session of the Conference. Member State contributions are thus obligatory. It also provides that observers shall also be encouraged to make such voluntary contributions as they may be in a position to make and that efforts shall be made to solicit financial resources from bilateral and multilateral sources.
22. The introduction of an indicative scale of contributions was once proposed to ensure improved contributions to the trust fund. However, this approach did not materialize, and the Conference continued to experience financial challenges.
23. An alternative and preferred approach to contributions to the trust fund was to determine the minimum financial base needed to earn interest sufficient to finance an agreed budget that would enable the African Ministerial Conference on the Environment to remain operational. The minimum annual contribution to be made by each Member State was set at \$10,000. Member States with the ability to pay more were, of course, to be encouraged to do so.
24. It was envisaged that such an approach would ensure that the burden of payment was shared equally by all member States. For that reason, the base level of payment was made sufficiently low to encourage all member States to contribute.
25. Countries' contributions to the fund are provided on the basis of pledges that they make. Countries are invoiced by UNEP as the Conference secretariat after making pledges. As a rule, UNEP cannot invoice a country that has not made a pledge. However, very few countries make pledges to the trust fund.
26. It is increasingly evident that the Conference needs to look ahead and tackle the issue of funding for its sessions, which include regular and special sessions and Bureau meetings. The Bureau may need to be tasked with making efforts to support the secretariat in mobilizing resources with support from the African Union Commission, the Economic Commission for Africa, the African Development Bank and UNEP. It is proposed that letters sent to ministers of the environment also be copied to ministers for foreign affairs and/or finance for follow-up to ensure that contributions are made.
27. The African Ministerial Conference on the Environment has continued to encourage member States to pay their contributions to the trust fund, with limited improvement being observed. At its fifteenth session, therefore, the Conference may wish to provide a clear direction with regard to contributions to the trust fund, including by having all member States make their pledges in writing at every regular session, beginning at the fifteenth session, and requesting the secretariat to follow up on such pledges with the required invoices to the member States. There is a need to agree on a mechanism to ensure that pledges are made at each regular session of the Conference.

Annex I

General trust fund for the African Ministerial Conference on the Environment

Table 1

Statement of income and expenditure for the first year of the biennium 2014–2015 ended 31 December 2014^a

(United States dollars)

	2014	2013
Income		
Voluntary contributions ^b	332 940	432 543
Interest income	9 995	41 034
Miscellaneous income	–	1 419
Total income	342 935	474 996
Expenditure		
Contractual services	–	61 998
Travel	34 097	62 579
Meetings/conferences	26 432	334 922
Miscellaneous expenses	1 378	–
Programme support costs	7 869	59 735
Total expenditure	69 776	519 234
Excess/(shortfall) of income over expenditure	273 159	(44 238)
Prior period adjustments	(22 489)	–
Net excess/(shortfall) of income over expenditure	250 670	(44 238)
Fund balances, beginning of period	2 764 640	2 808 878
Fund balances, end of period	3 015 310	2 764 640
Total reserves and fund balances	3 015 310	2 764 640

Table 1

Statement of assets, liabilities, reserves and fund balances as at 31 December 2014

(United States dollars)

	2014	2013
Assets		
Cash pool (United States dollars)	3 295 364	2 686 435
Cash pool (euros)	–	45 110
Inter-fund receivable	–	95 171
Other accounts receivable	40	8 034
Other assets	–	2 000
Total assets	3 295 404	2 836 750

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