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**FINANCING REGIONAL SEAS CONVENTIONS:  
PAYING FOR A REGIONAL PUBLIC GOOD**

## PREFACE

In decision 20/19A, the Governing Council of the United Nations Environment Programme at its Twentieth Session called for the UNEP Secretariat to strengthen the regional seas conventions and action plans as its central mechanism for the implementation of its activities relevant to Chapter 17 on Oceans of Agenda 21. Subsequently, the revitalization of the Regional Seas Programme was discussed at the Second Global Meeting of Regional Seas Conventions and Action Plans convened by the Executive Director in The Hague in July 1999. At this meeting, attention was drawn to the urgent need to assist the more fragile regional seas programmes in attaining a more stable financial base.

This was followed by requests from several conventions and action plans for greater assistance by UNEP in addressing inadequate funding of their programmes. In one particular case, for example, the Ninth Intergovernmental Meeting on the Action Plan for the Caribbean Environment Programme and the Sixth Meeting of the Contracting Parties to the Convention for the Protection and Development of the Marine Environment of the Wider Caribbean, held in Kingston, Jamaica from 14 to 18 February 2000, decided to send a letter to the Executive Director of UNEP citing the recent Governing Council decision to strengthen the regional seas programmes and the financial constraints under which the Caribbean Environment Programme (CEP) is functioning and requesting the Executive Director to assist CEP financially. At the meeting of Subcommittee 1 of the Committee of Permanent Representative to UNEP on 27 September 2000, a further call was made for UNEP to prepare a strategy for addressing the financial difficulties being faced by a number of regional seas conventions and action plans in Latin America and the Caribbean, Africa and Asia.

UNEP is employing a four-track approach to addressing and resolving the financial difficulties of the more fragile regional seas conventions and action plans. First, it is providing strategic programmatic support to their programmes of work, particularly where they interface with the priorities of UNEP's Programme of Work such as the Global Programme of Action for the Protection of the Marine Environment from Land Based Sources of Pollution, the Global International Water Assessment, the International Coral Reef Initiative, integrated coastal area management and interlinkages with global environmental conventions and related international agreements. Second, it is assisting regional seas programmes in mobilizing resources from the Global Environment Facility, the United Nations Foundation, regional development banks and bilateral donors. Third, it is promoting the innovative twinning between the more mature and the less developed regional seas programmes through which the former provide technical assistance and cooperation to the latter. For example, a Twinning Arrangement Between the Baltic Marine Environment Protection Commission and UNEP as the Secretariat of the Convention for the Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region (Nairobi Convention) was signed on 30 May 2000 in Malmö. Finally, UNEP in collaboration with the secretariats of regional seas conventions and action plans is studying the applicability of new financial mechanisms for funding regional seas programmes.

The paper that follows corresponds to the fourth track of this approach. Prepared by Theodore Panayotou of the Center for International Development at Harvard University, the paper is a provocative and bold look at a different funding strategy, analyzing new sources and mechanisms for strengthening the financial base of the regional seas programmes for the Wider Caribbean and the North-East Pacific. Because of the afore-mentioned request received from the

Contracting Parties of the Cartagena Convention and the opportunity provided by the establishment of the new North-East Pacific programme, the decision was taken to focus on these two programmes. Moreover, because of geographic proximity, eight countries participate simultaneously in both programmes and the potential for collaboration on a financial strategy for the two is a possibility as well as an opportunity.

The purpose of this paper is to stimulate a dialogue that will hopefully lead to new funding strategies for UNEP's regional seas programmes and not just for the Wider Caribbean and the North-East Pacific. UNEP is looking at a four-step process. First is the preparation of the report. The paper will then be presented for discussion at the Third Global Meeting of Regional Seas Conventions and Action Plans in Monaco in November 2000. Following the Monaco meeting, a small team comprised of the heads of the secretariats of four or five regional seas programmes (Wider Caribbean, North-East Pacific, East Asian Seas, the African Regional Seas Joint Umbrella Mechanism and the Mediterranean) will be established for the purpose of (a) assessing the practicality of the proposed measures contained in the paper and (b) for preparing proposals to be submitted to the intergovernmental meetings of the North-East Pacific and the Wider Caribbean and, subsequently, to other programmes. Finally the proposals will need to be considered and decided upon by the respective intergovernmental bodies.

Certainly not all of the funding sources and measures proposed can be applied across all regional seas programmes. The challenge facing the regional seas programmes is to realistically assess from an economic and political perspective which sources can be accessed in their regions and what mechanisms would be the most efficient and effective. Ultimately, the decision to adopt a strategy for sustainable and predictable financing will rely on the political will of the member states.

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Executive Director  
9 October 2000

**FINANCING REGIONAL SEAS CONVENTIONS:  
PAYING FOR A REGIONAL PUBLIC GOOD**

by

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## 1. Introduction

The Regional Seas Conventions are designed to implement the core provisions of UNCLOS for the protection of the marine environment within a regional context. Their emergence is in recognition of the fact that the nature and relative importance of the threats to the oceans and coastal areas tend to vary from region to region. Moreover, countries sharing common seas are thought to share more of a sense of ownership for regional solutions they jointly arrived at to address common problems than for global solutions and therefore they would be better motivated to take action and to allocate scarce resources for their implementation. Towards this end, UNEP established in 1974, its Regional Seas Programme, and encouraged groups of countries sharing common seas to enter into legally binding regional conventions. Within the framework of these conventions, intergovernmental meetings, representing the authority of the contracting parties adopt, and implement, periodically revised action plans. Over the past 25 years, the Programme grew to encompass 14 regional seas programmes facilitated by UNEP and 3 partner regional seas programmes (see map1), covering more than 140 countries.

Following the UNCED conference in Rio in 1992 and the adoption of Agenda 21, and the subsequent adoption of the Global Programme of Action for the Protection of the Marine Environment from Land-Based Activities (Washington, November 1995), UNEP revitalized its Regional Seas Programme into a "control mechanism for implementation of its activities relevant to chapter 17 of the Agenda 21". Through two Global Meetings of the Regional Seas Conventions and Action Plans, UNEP sought to develop a strategic action program to facilitate collaboration among the Regional Programs and their global counterparts. At the same time, UNEP is seeking expansion of its Regional Seas Programme into new areas, most recently into the Northeast Pacific.

The administration of the Regional Seas Conventions and the implementation of the Action Plans have generally been financed through the establishment of a Trust Fund for each regional sea. The Trust Fund is capitalized through contributions, usually of a voluntary nature, of the participating countries according to a mutually agreed scale taking into account the UN scale of assessment. Additional resources are also mobilized from partnerships with other UN organizations, intergovernmental organizations, NGOs and the private sector for specific activities. However, funding has always been a challenge as actual contributions lack

behind commitments. For example, during the 1980's, the Caribbean Trust Fund experienced significant reduction in payments, cutbacks in commitments and pledges by some countries, and even total lack of commitment by some countries to finance any of the costs.

Considering the modest amounts involved, the lack of interest of contracting parties not only in paying their share, but also in participating in the intergovernmental meetings may reflect the lack of demonstrable concrete benefits accruing to members from regional cooperative actions. It may also be due to the lack of appropriate financial mechanisms to mobilize resources and institutions to collect them. Some Regional Seas Programmes have been more successful than others in mobilizing resources. For example, the Barcelona Convention and its Mediterranean Action Plan have been relatively well funded. The Wider Caribbean Programme has also improved, somewhat, its financial base since its slow start in the early 1980's, especially after the establishment of a regional coordinating unit. However, financing still remains a key challenge for all the Regional Sea Conventions.

The purpose of this paper is to examine alternative and innovative financial mechanisms for mobilizing resources to support the secretariat of the Convention and the activities of the plan for action for the Northeast Pacific and Wider Caribbean regional seas. A second objective of the paper is to propose institutional arrangements for the implementation of these mechanisms, and the collection of the revenues. A third objective is to estimate the likely revenues from these resources, and a fourth and final objective, is to analyze the sustainability of these sources of revenue in the socio-political and economic context of the countries in the region.

## 2. Key Features of the Regional Seas Conventions

Regional Seas Conventions are legally binding agreements between countries that share a common sea. They can best be described as unique legal instruments designed to protect shared environmental interests or regional commons. The objective of the agreement is to find regional solutions to problems they face as a result of their use of these seas for resource extraction, transportation, and waste disposal. It is recognized that the bulk, though by no means all, the influences on these seas come from within the region. Even if one country's impacts by themselves are minor, the combined effects of all countries are substantial. A Regional Convention helps deal with the "open access" and "public good" aspects of regional

seas: (1) free riding is discouraged by both peer pressure and by legal commitment, (2) conflicts over resources or downstream pollution effects are discussed, mitigated, and hopefully, solved within the context of the Regional Convention, (3) a common front and collective action against impacts from outside the regional sea is also made possible, and (4) financial and other resources are pooled together by participating countries to deal with problems, which no single country can address by itself, either because of scale or multiple jurisdictions.

Thus, the object of the Regional Seas Conventions is the provision of a regional public good, which is the protection of the shared resource, the regional sea, from the threat of pollution and other forms of degradation, which no single country (or stakeholder) would or could accomplish on their own. Public goods have the property of being non-exclusive in consumption (enjoyment) but exclusive in production (have significant opportunity cost). No single country would have the incentive to incur substantial cost of pollution control and resource conservation, if it is to share the benefits with others who do not help defray part of the costs (free riding). Moreover, since cost effectiveness often requires control at the source, and participation of all major sources, the regional approach tends to be both the most effective and the least costly. Regional solutions, however, do not always mean collective action by the entire region; often cooperation refers to coordination of national action towards a common objective; furthermore, action does not necessarily mean uniform action. Common, but differentiated obligations are more the norm than the exception in international and regional conventions because of the great diversity and variation in levels of development, geography, and the share of costs and benefits from interventions aiming to solve common or shared problems.

The Regional Seas Programmes were designed to be independent of each other and of any central program or authority. Although the approach is similar, each convention has been tailored by the contracting parties to fit their own circumstances both situational and environmental. Thus, while similar in structure, regional conventions are different in the specifics which are detailed in the protocols to each convention which address specific problems (e.g. oil spills, land based pollution sources, etc.). This decentralization and independence is a positive feature: it encourages a sense of ownership, it provides flexibility, and it tailors solutions to the problem. Regionalism also creates good will as each country's interests become increasingly vested in their neighbors' wellbeing. It also avoids the creation

of central bureaucracies that tend to be both costly and inefficient. UNEP has used its convening authority to play a catalytic role in bringing about the emergence of these programs and nurturing them into self-sustainable independent regional programs.

However, fragmentation and independence have their cost as well. Enforcement of legally binding regional conventions may not avail of the same force and instruments as global conventions. Moreover, the exchange of information and experience across Regional Sea Programs may suffer as a result of too much independence and decentralization. In recognition of these issues, UNEP, as of the past three years, has been organizing annual joint Global Meetings of the Regional Seas Conventions and Action Plans, to facilitate collaboration among them and interregional cooperation towards more effective protection of the marine and coastal environment.

Another key feature of the Regional Seas Conventions and Action Plans is that they share common objectives with other UN institutions, specialized UN agencies, international organizations, and multilateral and bilateral assistance agencies. Besides UNEP, UNDP, UNESCO, FAO, WTO, IMO, WMO, IOC, IAEA, GEF, the World Bank, the regional development banks, and bilateral aid agencies have strong interest in the protection of marine and coastal environment. In addition, there is a large number of international conventions that address specific problems within the regional seas such as, the Convention on the Prevention of Marine Pollution by Dumping Wastes and Other Matter, the London Convention for the Prevention of Pollution from ships (MARPOL), the International Convention for the Prevention of Pollution of the Sea by Oil, the Convention on Biological Diversity (CBD), the Framework Convention on Climate Change (UNFCCC), the Convention on the International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Bonn Convention on the

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