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Programme of work and budget and other administrative and budgetary issues

Information on the management of trust funds and earmarked contributions

Note by the secretariat

I. Introduction

1. The establishment and management of trust funds is governed by the Financial Regulations and Rules of the United Nations, the Staff Regulations and Rules of the United Nations, and other policies and procedures put in place by the Secretary-General of the United Nations.

2. The Executive Director of UNEP has delegated authority over the establishment processes of trust funds that support specific programmes and projects aligned with UNEP's mandate and the principles of the United Nations, in accordance with Rule 203.1(b) of ST/SGB/2015/4. The initiation of such trust funds is often based on requests from donors or governing bodies. In accordance with Rule 202.1(b), formal prior approval from the United Nations Environment Assembly (UNEA) is required when the acceptance of voluntary contributions to a trust fund involves additional financial liability to UNEP. In such cases, the Executive Director must certify that the liability can be fully absorbed within existing resources of the Fund and its associated trust funds.

3. The exercise of this delegated authority is operationalized through the formal administrative approval of the trust fund's establishment, including its purpose and limitations, which is vested in the Under-Secretary-General for Management Strategy, Policy and Compliance (USG/DMSPC), in accordance with ST/SGB/2019/2. UNEA formally approves all newly established trust funds, ensuring transparency and alignment with UNEP's governance framework.

4. UNEP conducts the functions of administering trust funds based on the principle of full cost recovery when it comes to administrative costs, in accordance with the Financial Regulations and Rules of the United Nations.

* UNEP/EA.6/1.

II. Overview of Trust Fund Management and its Alignment with the Organizational Mandate

5. Trust funds are financial mechanisms established for the acceptance, management, and reporting of contributions whether voluntary or assessed that support the implementation of UNEP's programmes and activities in accordance with its organizational mandate. These funds enable UNEP to mobilize resources beyond its core budget, allowing for targeted interventions that address emerging environmental challenges, support multilateral environmental agreements, and strengthen global cooperation.

6. To ensure coherence and accountability, UNEP has instituted governance measures that align trust fund management with its strategic objectives. Decisions related to the establishment and closure of trust funds are presented to the United Nations Environment Assembly (UNEA) for formal approval.,

7. While UNEP operates under the United Nations Financial Regulations and Rules, decisions of the United Nations Environment Assembly (UNEA) play a critical complementary role in guiding the strategic and programmatic application of these rules within the specific context of UNEP's mandate. UNEA decisions provide Member States with a formal mechanism to shape administrative and financial practices that reflect evolving priorities, enhance transparency, and strengthen institutional accountability. These decisions reinforce the implementation regulations and rules by aligning them with UNEP's governance framework and ensuring Member State oversight in areas of strategic importance. Importantly, UNEA and other governance body decisions also serve as a valuable resource for UNEP to engage with donors as such decisions help establish common expectations and create workable solutions for negotiation and collaboration.

8. UNEP/EA.3/INF/12, prepared pursuant to UNEA Resolution 2/23 and Governing Council Decision 27/14, highlights the operational challenges associated with managing a large number of trust funds and outlines proposals to reduce the administrative burden. These include consolidating inactive funds, strengthening cost recovery mechanisms, and streamlining donor arrangements to improve efficiency and ensure alignment with UNEP's programme of work.

9. These challenges were further discussed during UNEP's briefing to members of the Committee of Permanent Representatives on 22 September 2025, where the evolving nature of donor contribution agreements was examined. It was also noted that negotiations have become increasingly complex and time-consuming, often involving multiple stakeholders within donor countries and requiring tailored templates. UNEP is currently working to develop guidance on frequently encountered donor conditionalities, explore the feasibility of country-level agreement templates, and apply standardized reporting tools to enhance consistency and reduce transaction costs.

10. A notable reference point in this context is Governing Council Decision 18/44, which requested donors to trust funds to strictly adhere to the established terms of reference. This reinforces the importance of maintaining consistency in trust fund management practices and reducing the administrative burden hence complementing UNEA decisions that emphasize the need for coherent and efficient trust fund management processes.

III. Implementation of UNEA Decisions

11. In accordance with UNEA decision 3/3, UNEP has undertaken a systematic review of its trust fund portfolio and since UNEA-3, a total of 23 trust funds have been closed, underscoring UNEP's commitment to streamlining financial mechanisms and enhancing accountability. New trust funds are only established after a thorough assessment of alternative mechanisms within Umoja, ensuring efficiency, strategic alignment, and compliance with UNEP's fiduciary standards.

12. UNEA decision 6/6, noted that the extension of trust funds is an administrative matter that falls under the delegation of the Executive Director. Accordingly, starting from the seventh session of the Assembly, requests for the extension of trust funds will no longer require a decision by Member States.

13. As requested in UNEA 6/6, UNEP updates Member States on the status of contributions to its trust fund and establishment of new trust funds through the quarterly reports to the CPR and Programme Performance Report to the Annual Sub-Committee meeting. The lessons learned in the management of Trust Funds and earmarked contributions underscore the importance of proactive governance, adherence to fiduciary standards and reporting requirements, and collaboration with donors and other partners to optimize trust fund management within UNEP.

14. In implementation of UNEA decision 3/3, which requested the Executive Director to reassign balances in inactive trust funds once the activities for which they were established had ended in consultation with relevant parties and/or donors and in accordance with the terms of the respective agreement or fund, UNEP has continued to make steady progress in the reassignment of unspent balances. In 2024, a total of USD 7.5 million was reassigned, comprising USD 3.7 million from closed grants and USD 3.8 million from non-refundable interest income. These reallocations were conducted through structured process led by the appropriate officials, under the oversight of the Executive Director, and were aimed at supporting activities under the approved programme of work. The activities are reported through UNEP's quarterly reports to the CPR and the Programme Performance Report to the Annual Sub-Committee meetings,

15. The disposition of unspent balances from closed grants and trust funds was addressed in the report of the United Nations Board of Auditors (A/80/5/Add.7), which recommended that UNEP undertake a comprehensive review of such balances as of 31 December 2024 and follow up on their disposition in consultation with the relevant parties. While UNEP conducts these processes in accordance with its standard operating procedures and the United Nations Financial Regulations and Rules, the reassignment of balances particularly in multi-donor trust funds can be administratively complex and time-consuming. This is often due to delays in decision-making or lack of response from donors, especially in the case of older trust funds and grants. Such delays may stem from structural changes within donor organizations, including shifts in personnel, mandates, or institutional priorities.

16. To help address these challenges and promote consistency in trust fund management, the Department of Management Strategy, Policy, and Compliance (DMSPC) is in the process of developing guidelines to augment Secretary-General Bulletins, Administrative Issuances, and policy documents governing management of Trust Funds and voluntary contributions. These guidelines are expected to streamline administrative processes, clarify roles and responsibilities, and support timely and transparent decision-making. The reassignment of balances remains an ongoing effort and will continue to be managed and reported through established internal mechanisms, ensuring alignment with UNEP's fiduciary responsibilities and strategic priorities.

IV. Decisions for approval at UNEA7

A. Approval of new Trust Funds in support of the programme of work of UNEP

17. The Executive Director wishes to seek approval of following new trust funds:

(a) Trust Fund for the Intergovernmental Science-Policy Panel on Chemicals, Waste and Pollution, to be established in accordance with UNEP's financial procedures and governance framework upon receipt of a formal request from the plenary of the Panel.

(b) GBF Trust Fund – General trust fund to support the activities of the Global Biodiversity Framework, financed by Global Environment Facility (GEF), with no fixed expiry date.

B. Approval for Closure of Old Trust Funds

18. As reported in the Quarterly Report to the 171st Meeting of the Committee of Permanent Representatives, UNEP has continued to streamline its trust fund portfolio in line with UNEA decision 3/3 on the management of trust funds and earmarked contributions. UNEA-3 approved the closure of eight trust funds, along with two additional trust funds that were merged into another, bringing the total number of trust funds formally approved for closure under UNEA-3 to ten. Since that time, UNEP has administratively closed 23 additional trust funds and is now seeking formal UNEA approval for their closure. This will bring the total number of trust funds closed by the end of UNEA-7 to 33.

In line with UNEP's target of closing 39 inactive trust funds since the adoption of the Umoja ERP system in 2015, the remaining six trust funds initially scheduled for closure in early 2025 have been identified as requiring further consultations with donors and hosting offices. These six, along with one newly identified inactive trust fund and any others that may be identified between UNEA-7 and future sessions, will be submitted for formal closure in upcoming UNEA sessions. The current number of active trust funds in Umoja stands at 133, excluding those that are currently under review and may be considered for closure.

19. The Executive Director wishes to request for the formal approval of the closure of 23 trust funds since UNEA-3:

a. CIL - Technical Cooperation Trust Fund to Support the Implementation of the Strategic Plan for Remediation Activities Following the Toxic Waste Incident in Abidjan, Cote d'Ivoire, closed in 2019.
b. CSL - Technical Cooperation Trust Fund for the Provision of Senior Professional Officer to UNEP (Financed by the Government of Canada), closed in 2019.
c. CWL - General Trust Fund for the African Ministers' Council on Water (AMCOW), closed in 2019.
d. DNL - Technical Cooperation Trust Fund in Support of the Network for Environmental Training at Tertiary Level in Asia and the Pacific (NETTLAP) (Financed by the Government of Denmark), closed in 2022.
e. EBL - General Trust Fund for the Service for Implementing National Biodiversity Strategies and Action Plans, closed in 2022.
f. EEL - General Trust Fund for Environmental Emergencies, closed in 2019.
g. EGL - General Trust Fund to Establish a Secretariat for the Environment Management Group in the International Environment House, Geneva, closed in 2019.
h. ELL - Technical Cooperation Trust Fund to Strengthen the Institutional and Regulatory Capacity of Developing Countries in Africa (Financed by the Government of the Netherlands), closed in 2019.
i. FEL - UNEP Environment Support Budget (Internal trust fund of the legacy system), closed in 2024.
j. GAL - Technical Cooperation Trust Fund for UNEP's Implementation of Activities Funded by the United Nations International Partnership Trust Fund (UNFIP), closed in 2019.
k. GIL - Technical Cooperation Trust Fund to Provide Experts to the UNEP/GRID (Financed by the Government of the United States of America), closed in 2019.
l. GWL - Technical Cooperation Trust Fund for the Provision of Support to the Global International Waters Project (Financed by the Government of Finland), closed in 2022.
m. IPL - Technical Cooperation Trust Fund to Assist the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer in Developing Countries (Financed by the Government of Sweden), closed in 2019.
n. JAL – Technical Cooperation Trust Fund for the Action Plan Caribbean Environmental Programme in Jamaica, closed in 2019.
o. LAL - General Trust Fund in Support of the Lusaka Agreement Task Force on Co-operative Enforcement Operations Directed at Illegal Trade in Wild Fauna and Flora, Closed in 2019.
p. PUL - Technical Cooperation Trust Fund to Support the UNEP Executive Director's Implementation of Personnel, closed in 2022.
q. QSL - Technical Cooperation Trust Fund in support of the African Eurasian Waterbirds Agreement, closed in 2022.
r. RCL - General Trust Fund in Support of the Implementation of Governing Council Decisions in the North American Region, closed in 2022.
s. RUL - Technical Cooperation Trust Fund in Support of Meetings of Sub-Committees or Working Groups on Programmatic and Administrative Reform of UNEP (Financed by the Government of the United States of America), closed in 2022.
t. SAL - Trust Fund for the Financing of the New International Environment Prize (Sasakawa Environment Prize), closed in 2019.
u. TAL - Technical Cooperation Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Austria), closed in 2019.
v. UCL - Technical Cooperation Trust Fund for the Enhancement of Cooperation Between UNEP and United Nations Compensation Commission (UNCC) in the Implementation of the United Nations Security Council Resolution 687 (1991), (Financed by UNCC), closed in 2019.
w. VML - Technical Cooperation Trust Fund to Assist Developing Countries to Take Action for the Protection of the Ozone Layer Under the Vienna Convention and Montreal Protocol (Financed by the Government of Finland), closed in 2019.