

## **5<sup>th</sup> Annual Subcommittee Meeting 22<sup>nd</sup> -26<sup>th</sup> October 2018**

### **Consolidated response to comments and questions received in writing from member States on the draft Programme of Work and Budget for 2020-2021**

1. Question/comment: the US \$200 million bi-annual budget for the Environment Fund proposed by the Secretariat does not reflect the trend of the last years, is overly optimistic, and should thus be lowered.

A budget lower than US \$200 million could be considered more realistic than the one proposed by the Secretariat (Option C) - but it would lack ambition and not be in line with the outcome of Rio + 20 where all governments unanimously agreed to strengthen the UN Environment Programme, including by “secure, stable, adequate and increased financial resources from the regular budget of the United Nations and voluntary contributions to fulfil its mandate” (The Future We Want, para 88 b). The current projected income for the Environment Fund for 2018 is US \$75 million. If this projection is extrapolated for 2019, the total contribution for 2018-2019 Programme of Work would be US \$150 million, which in turn could serve as a projection for 2020-2021. With an aim to strike a balance between ambition and realism, the Secretariat has proposed to opt for a higher budget amounting to US \$200 million. The additional US \$50 million can be reached through the implementation of the Resource Mobilization Strategy approved in 2017. Finally, it may be noted that the projected income of US \$150 million for 2018-2019 is higher than the US \$136.9 million received in 2016-2017, thus indicating an increasing trend of contributions to the Environment Fund.

2. Question/comment: There is a need for a concrete plan as to how UNEP is planning to raise US\$200m in funding for the Environment Fund in option C (i.e. US\$50m above the historical reference).

The Secretariat is currently putting in place the necessary structures and resources for the implementation of the new resource mobilization strategy (as approved at the end of 2017). It anticipates that the implementation of the strategy will be fully underway by the end of 2019. Consequently, the Secretariat finds the proposed budget level for 2020-2021 for the Environment Fund realistic. See also answer to question 1 above.

3. Question/comment: the principles listed in Para 26(a), p.12. (“Areas relating to the core mandate, such as the science-policy interface and environmental governance, will be prioritized”), whereby the Programme commits to prioritize “areas relating to the core mandate, such as the science-policy interface and environmental governance”, have not been observed, since all appropriations from the EF to the subprogrammes have been cut proportionally.

Out of the projected annual income of US \$75 million, only US \$70 million has been authorized as a consumption budget for 2018. In line with the new Budget Allocation Process, approved in December 2017, and through a transparent and inclusive process guided by a Budget Steering Committee, these funds were distributed across all subprogrammes and divisions/regional offices. The process involved the submission of proposals for staff and non-staff funding requirements from all parts of the organization, while taking into consideration key priorities and core mandates as encompassed in the current Programme of Work.

The UN Environment Programme operates through a matrix system whereby all divisions and regional offices deliver results across all 7 subprogrammes. Accordingly, allocations made to a specific division leading a subprogramme does not generally imply the total funds available for this same subprogramme. During the budget implementation year, based on emerging priorities and while taking into consideration the availability of earmarked funds for certain activities and work streams, the Environment Fund allocations have been prioritized so as to ensure a comprehensive and balanced delivery of all core mandates and expected accomplishments in the Programme of Work.

A similar core budget allocation exercise for 2019 has been initiated on 1 November 2018. The process includes clear instructions, guidelines and templates that assist directors in formulating their funding requirements against the core mandates and expected results. Moreover, the Environment Fund Programme Reserve serves to bridge any complementary funding gaps and emerging requirements, if needed.

In addition, the senior management of the Programme has already initiated an internal assessment exercise for the core activities under the Environment Under Review subprogramme, including for the activities to deliver the sixth Global Environment Outlook. The purpose of this assessment is to identify areas of efficiencies and effectiveness as well as options to strengthen and prioritize within existing allocated budgets to ensure full delivery.

Finally, the fact that actual levels of available funding are significantly lower than the approved Environment Fund budget will naturally have a direct negative impact on the delivery of the expected accomplishments in the Programme of Work. While prioritization and re-allocation may be necessary to minimize the risks of under-delivery of the Programme of Work due to insufficient contributions, they can only partially mitigate negative consequences if accompanied by sufficient additional resources from earmarked resources.

#### 4. Question/comment: N Explain the optimistic projected increases of earmarked contributions.

- Global funds

The global funds include Global Environment fund (GEF) and Green climate fund (GCF). Currently the active portfolio relating to GEF is valued at US \$969 million. (Note: this figure is being updated in the new version of the PoW.) The pipeline of already approved project concepts amounts to about US \$300 million for multi-year projects. Based on the historical trends and previously-applied projection methodologies, the Secretariat estimates a project delivery valued at US \$172 million for the 2020-2021 Programme of Work. The 7th GEF cycle began on 1 July 2018, and there are advanced plans to submit additional projects within this four-year cycle. Additionally, with regards to GCF, and based on an assessment of the current portfolio of approved projects (approx. US \$50 million) and pipeline of projects, conservative estimates show that the size of the portfolio by the end of biennium 2020-2021 is expected to reach approximately US \$200 million, out of which the amount of US \$78 million is expected to be delivered in the 2020-2021 biennium.

- Earmarked contributions

While earmarked contributions are donor driven, the Secretariat has analyzed the actual spending during the past three biennia, and it is clear there has been a positive trend for these contributions over time. Additionally, it can be noted that the expectations with regard to earmarked contributions are to a certain extent deriving from more robust projections based on multi-year corporate cooperation agreements, such as the agreements with Norway, Sweden and China.

5. Question/comment: The contribution from the regular budget should not be increased in 2020-21 as compared to 2018-19, and thus remain at 13.5 USD million.

The baseline for the 2018-2019 budget with regard to the UN Regular Budget is US \$14.5 million, not US \$13.5 million. The amount pertaining to the regular budget in the 2018-2019 PoW was provisional prior to the subsequent approval of a higher budget by the General Assembly. Accordingly, the amount in the 2020-2021 Programme of Work equates to the actual 2018-2019 regular budget, as have now been approved by the General Assembly.

6. Question/comment: Explain the considerable changes in post resources, for example with regard to the staffing of the Executive Office in 2017 (27) vs the planned staffing for 2020/2021 (50).

The Executive Direction and Management component represents a function delivered mainly by the Executive Office but also includes other offices such as the Evaluation Office as well as some related positions which are in fact embedded in the divisions (such as the Policy and Programme Division).

In the proposed 2020-2021 Programme of Work, the Executive Direction and Management component comprises 50 staff positions, i.e., an increase of 17 positions compared with 2018-2019. Out of these 17 additional positions, 7 relate to earmarked funds and are deployed within the Corporate Services Division, the Executive Office, the Governance Affairs Office and the Policy and Programme Division. The remaining 10 positions are attributed to 12 positions under the Environment Fund, and are partially offset by a reduction of 2 positions under the Regular Budget and Programme Support Cost. The table below provides a comprehensive overview and comparison between 2018-2019 and 2020-2021 biennials broken down by funding source and division/office.

In reality, the Executive Office portion of the Executive Direction and Management component reflects an increase of 11 positions under the Environment Fund. These positions are, however, not new posts in all cases, but instead attributed to the alignment of certain positions from different subprogrammes to the Executive Direction and Management component. For example, the Executive Office currently includes a senior Public Information Officer and Head Writer positions, which were previously part of the Communication Division.

It is also worth noting, as stated by the Deputy Executive Director during her opening statement to the 5th Annual Subcommittee on Monday 22 October 2018, that the UN Environment Programme will identify a series of internal efficiency measures aimed at making a more lean, efficient and effective organization. Accordingly, further changes to the staff position numbers, including for the Executive Office, are to be expected.

In terms of financial resources, the proposed 2020-2021 budget for the Executive Direction and management reflects an increase of US \$1.4 million compared with 2018-2019. Out of this increase, only US \$200,000 derives from the Environment Fund, while the remaining amount is attributed to Earmarked Funds to fund the 7 positions mentioned above.

Thematic Area	Fund name	Division	2018-2019	2020-2021	
Ex Direction Management	Environment Fund	Evaluation	5	6	
		Executive Office	11	22	
	<b>Environment Fund Total</b>			<b>16</b>	<b>28</b>
	Earmarked Funds	Corporate Services		1	
		Executive Office		3	
		Governance Affairs		2	
		Policy/Programme		1	
	<b>Earmarked Funds Total</b>			<b>7</b>	<b>7</b>
	Regular Budget	Corporate Services	1	1	
		Evaluation	2	2	
		Executive Office	5	5	
		Governance Affairs	1		
		New York	3	3	
		Policy/Programme	4	4	
<b>Regular Budget Total</b>			<b>16</b>	<b>15</b>	
Program Support Cost	Executive Office	1			
<b>Ex Direction Management Total</b>			<b>33</b>	<b>50</b>	

7. Question/comment: Explain the considerable increase in projected overall staffing numbers from 875 to 1133 for the next biennium compared to the current staffing of the Programme (a 30% increase).

The increase of 30% in the 2020-2021 staffing complement as compared with 2018-2019 is entirely a result of the rise in activities anticipated to be carried out under the corresponding programme increase from Earmarked and Global Funds. In contrast, the staff composition under the Environment Fund reflects a net reduction of 4 positions in 2020-21 as compared with 2018-2019.

The expected increase of 30% in the number of positions funded from Earmarked and Global Funds is thus aligned with the projected overall increase of 42% in their associated envelopes. The staff positions reflect the actual number of positions mapped to these earmarked and global funds in the system (Umoja). These project posts are directly aligned with the number of projects and the need of staffing to implement them. Additional contributions naturally result in more projects and activities to be implemented. Accordingly, additional staff positions will be required. Unlike core positions funded from the Environment Fund, such projects positions have a limited duration and their financial sustainability and obligation are governed by the donor legal instruments / contracts as well as the life span of the projects to which they contribute.

8. Question/comment: Why are resources from earmarked funding, global trust funds and PSC split into so called “post” and “non-post” resources, and what are the implications?

With a view to improved transparency and accountability, the Secretariat has provided a breakdown of post (staff) and non-post (non-staff) costs to provide more detailed information to member States, including to facilitate future reviews of programme performance and utilization of funds. While the period 2018-2019 provided the number of expected positions under each of these funding sources, it did not include any details on their associated costs.

9. Question/comment: Does the total of budgeted post resources correspond to the proposed number of staff positions in the staffing tables?

An increase in budget for post (staff) resources may not necessarily lead to an increased number of posts or vice versa, because the total number of positions may vary between different grades. For example, a reduction of 2 professional positions and increase of 4 national positions, would reflect a net increase of 2 positions but a decrease in the overall financial resources because the standard cost of a professional position is almost 3 times as high as for a national position.

10. Question/comment: Explain the proposed increase in budget from USD 1.7 from to 4 million under the Environment Fund as well as in the number of staff for the section on Policy making organs

The Policy Making Organs function is embedded within the Governance Affairs Division and includes providing services to the UN Environment Assembly. The increase in financial and human resources, as compared with that of 2018-2019 PoW, is mainly attributed to a more correct alignment of Governance Affairs Division staff positions to the Policy Making Organs component.

In the 2018-2019 Programme of Work, the same positions that are now assigned to the Governance Affairs Office were partially and incorrectly mapped to several subprogrammes. The newly established staffing table for 2018 (albeit not reflected in the Programme of Work for 2018-2019) correctly maps all existing positions in Governance Affairs Division to the actual function/thematic area; ie. the Policy Making Organs. Similarly, the 2020-2021 Programme of Work reflects the existing staff positions and associated costs under the correct section.

11. Question/comment: Will the UN Environment Programme contribute to the cost-sharing for the new Resident Coordinators model?

The funding needs and mechanisms for the new Resident Coordinators model as a result of the UN reform process is led by the transition team at UN Headquarters in New York. The proposal has been considered by the Advisory Committee on Administrative and Budgetary Questions, but no decision has yet been made on how to divide the responsibility between different UN entities. In general, the funding of the new Resident Coordinator system is proposed to be secured through a 'hybrid'- funding model based on three funding sources: (a) 1% coordination levy on 'tightly earmarked third-party non-core contributions'; (b) doubling cost-sharing contributions from UN development system entities; (c) voluntary, predictable, multi-year contributions to a trust fund. The UN Environment Programme will, naturally be expected to contribute – along with other agencies – to cost-sharing the new Resident Coordinator model – however, due to the lack of a detailed decision, the Secretariat considers that it is currently premature to include a budget provision in the 2020-2021 Programme of Work on this aspect.

12. Question/comment: What are costs relating to Umoja & GSDM, and why is it more than three times higher in the future Programme of Work as compared to the amount set aside for Umoja licenses in the existing Programme of Work and budget?

These costs relate to share of the UN Environment Programme as part of the UN Secretariat-wide initiative costs for Umoja central support costs and licenses, as well as the Global Service Delivery Model (GSDM). For the 2018-2019 Programme of Work, the actual costs were not yet available, and were thus underestimated. The amount of US \$3,469,000 budgeted for the 2020-2021 Programme of Work is based on the actual annual invoiced amount for 2018 as per the UN Controller's memo dated 6, December 2017. Therefore, the estimated costs for the future Programme of Work are more realistic than in the current Budget