

**Comments by the European Union and its Member States
on Programme of Work 2020-2021 Budget Envelope Options**

CPR Subcommittee Meeting on 14 June 2018

- The EU and its Member States (EU+MS) thank UNEP for the preparation of Programme of Work 2020-2021 Budget Envelope Options A, B and C. We believe it is a useful document to start discussion. At this stage, however, we would need more information to be able to make an informed recommendation on which option to choose.
- First, in general, we would be reticent to give a recommendation on a budget envelope without having a better understanding of the consequences of the different options. We are also surprised by the assertion that “MS have advised against changes to the POW that would in turn necessitate a revision to the MTS”. Our understanding is that the POW 2020-21 should implement the MTS 2018-2021 but obviously, it will have to be updated and complemented compared to the POW 2018-2019.
- Regarding the allocation of resources, we strongly underline the importance to achieve a shift from earmarked resources to core funding and especially to the Environment Fund, to ensure **predictability and an effective delivery** of the programme of work we, as member states, collectively endorsed (or will endorse and adopt). Therefore, we want to signal a strong commitment to the Environment Fund, while also keeping in mind past data and **maintaining realism**.
- We also underline the importance to have a transparent, inclusive and open preparation of the POW. Increased transparency on what are considered core activities of the POW that is to be funded through the EF can assist MS to consolidate and increase their contribution to the EF. We recall also the request from the UNEA-2 budget resolution that UNEP prepare a “prioritized, result-oriented and streamlined POW”.

On the different options:

- In general, we support that given the current situation of the actual budget of UNEP, the Secretariat suggests that the regular budget remain at the same level - taking into account that the final decision is at the UNGA level – and that no increase is suggested for the EF.
- However, to be able to decide more precisely on the different options, we would need to understand better what are considered core activities expected to be funded against the different budget streams, i.e. how will the different options impact on the implementation of the PoW. What will be criteria to prioritize ambition against available budgets.

- Can UNEP detail what are the risks associated with the different options. For example, the proposed decrease of the EF in options B and C would mean a reduction of the VISC for each MS. It would thus entail a decrease in the contributions to the EF of some of the regular contributors who respect the VISC.
- We think it would be useful to discuss a bit more how a right balance could be found between realism and ambition approach. A too ambitious target for the EF can be counter-productive for some donors but a too-low EF level might also be counterproductive by not motivating donors. It would also not be in line with UNEP’s recent resource mobilization strategy (RMS) which has the following target: “Increase contributions to the Environment Fund from the current 50% to 75% of the 2018-2019 approved Programme of Work and Budget and to 100% for the 2020-2021 approved Programme of Work and Budget”.

So, instead of already defining concluding views on the different options presented, we would like to highlight the ‘criteria’ or principles that the budget proposals should follow, including:

- Sufficient ‘core funding’ of the PoW
- More clarity on what are considered ‘core activities’ of the PoW to be financed by the UN regular budget and the EF.
- Balancing Ambition with Realistic budgeting.

Based on these different criteria, we believe that we should have enough flexibility to see which option is preferable (or if other options emerged), also in light of the development of the result-based PoW.
