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**Governing Council
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**Twenty-seventh session of the Governing Council/
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Item 6 of the provisional agenda*

**Budget and programme of work for the
biennium 2014-2015 and the Environment Fund
and other budgetary matters**

Management of trust funds and earmarked contributions

Report of the Executive Director¹

Summary

The present report is being submitted to the Governing Council/Global Ministerial Environment Forum at its twenty-seventh session to provide information and suggested action on the management of the trust funds and earmarked contributions that support the programme of work of the United Nations Environment Programme.

* UNEP/GC.27/1.

¹ Issued without formal editing.

I. Suggested action by the Governing Council

1. The Governing Council may wish to adopt a decision as submitted by the Committee of Permanent Representatives as document UNEP/GC.27/L.1

II. Management of trust funds

2. The present section describes the various actions that the Executive Director has taken and intends to take with regard to the trust funds managed by the United Nations Environment Programme. It also sets out the actual expenditures of the trust funds for the biennium 2010–2011, the revised estimated expenditures for the biennium 2012–2013 and the projected expenditures for the biennium 2014–2015.

A. Background

3. The United Nations system has two types of trust fund, namely, technical cooperation trust funds and general trust funds. Technical cooperation trust funds are those that provide economic and social development assistance to developing countries. In UNEP this category includes the trust funds on personnel, that finance the employment of Junior Professional Officers and Senior Programme Officers. The general trust funds support activities other than those of an exclusively technical cooperation nature.

B. Trust funds

4. In addition, UNEP distinguishes between the following categories of trust fund:

- (a) Those that provide direct support to the UNEP programme of work;
- (b) Those that provide support to UNEP-administered conventions, protocols and regional seas programmes;
- (c) Those belonging to the special category of activities supported by UNEP.

5. As at 31 October 2012, there were 97 active trust funds, distributed as shown in table 1.

Table 1
Active trust funds as of 31 October 2012

<i>Description</i>	<i>General trust funds</i>	<i>Technical cooperation trust funds (general)</i>	<i>Technical cooperation trust funds (personnel)</i>	<i>Total</i>
Direct support for UNEP programme of work	16	25	16	57
Support to conventions, regional seas programmes and protocols	31	3	-	34
Special category of trust funds	-	6	-	6
Total	47	34	16	97

6. The special trust fund category includes the Trust Fund for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer. UNEP acts as the treasurer to the Multilateral Fund and accounts for the receipt and disbursement of resources (which include promissory notes). UNEP is also one of the implementing agencies of the Multilateral Fund programme and has established a separate trust fund, the Technical Cooperation Trust Fund for UNEP Implementation of the Multilateral Fund Activities. Trust funds funded by the Global Environment Facility (GEF) and related to the programme funded principally by it, for which UNEP is an implementing agency, also fall under this category. The technical Cooperation Trust Fund for the Global Environment Facility is the main trust fund for implementation by UNEP of the GEF programme. Other funds in this category include the Technical Cooperation Trust Fund for the management of the UNEP/GEF National Adaptation Programme of Action for the Least Developed Countries; the Technical Cooperation Trust Fund for the Fee-based Programme of the Global Environment Facility for the provision of administrative support for implementation by UNEP of the GEF programme; the Technical Cooperation Trust Fund for the management of the UNEP/GEF Special Climate Change fund programme; and the Technical Cooperation Trust Fund for the Management of the UNEP/GEF Nagoya Protocol Implementation Fund.

7. Since the twenty-sixth session of the Governing Council/Global Ministerial Environment Forum, the Executive Director has established ten new trust funds (see table 2).

Table 2

New trust funds established since the twenty-sixth session of the Governing Council

<i>Description</i>	<i>General trust funds</i>	<i>Technical cooperation trust funds (general)</i>	<i>Technical cooperation trust funds (personnel)</i>	<i>Total</i>
Direct support for the UNEP programme of work	1	7	-	8
Support to conventions, regional seas programmes and Protocols	1	-	-	1
Special category of trust funds	-	1	-	1
Total	2	8	-	10

8. Summaries of the actual expenditure for the biennium 2010–2011, estimated expenditures for the biennium 2012–2013 and projected expenditures for the biennium 2014–2015, broken down into the various categories of trust funds, are provided in tables 3, 4 and 5, respectively.

9. For the biennium 2010–2011, expenditure amounted to \$734.3 million, of which \$162.6 million related to trust funds directly supporting the UNEP programme of work, while \$192.3 million and \$379.3 million were for conventions, protocols and regional seas programmes and special accounts and trust funds, respectively (see table 3).

Table 3

Actual trust fund expenditures for the biennium 2010–2011

(Thousands of United States dollars)

<i>Description</i>	<i>General trust funds</i>	<i>Technical cooperation trust funds (general)</i>	<i>Technical cooperation trust funds (personnel)</i>	<i>Total</i>
Direct support for the UNEP programme of work	70 095	83 555	8 970	162 620
Support to conventions, regional seas programmes and protocols	157 208	35 121	-	192 329
Special category of trust funds	379 337	-	-	379 337
Total	606 640	118 676	8 970	734 286

10. For the biennium 2012–2013, the total estimated expenditure of \$777.4 million for the biennium may be broken down into \$157.0 million for trust funds directly supporting the UNEP programme of work, \$186.3 million for trust funds for conventions, protocols and regional seas programmes and \$434.1 million for special accounts and trust funds (see table 4).

Table 4

Estimated trust fund expenditures for the biennium 2012–2013

(Thousands of United States dollars)

<i>Description</i>	<i>General trust funds</i>	<i>Technical cooperation trust funds (general)</i>	<i>Technical cooperation trust funds (personnel)</i>	<i>Total</i>
Direct support for the UNEP programme of work	56 251	87 098	13 664	157 013
Support to conventions, regional seas programmes and protocols	145 520	40 758	-	186 278
Special category of trust funds	434 108	-	-	434 108
Total	635 879	127 856	13 664	777 399

11. For the biennium 2014–2015, the projected expenditures amount to \$663.3 million, of which \$109.5 million relate to trust funds directly supporting the UNEP programme of work, \$186.3 million to conventions and regional seas programmes and \$367.5 million to special accounts and trust funds (see table 5).

Table 5

Projected trust fund expenditures for the biennium 2014–2015

(Thousands of United States dollars)

<i>Description</i>	<i>General trust funds</i>	<i>Technical cooperation trust funds (general)</i>	<i>Technical Cooperation Trust Funds (Personnel)</i>	<i>Total</i>
Direct support for the UNEP programme of work	41 500	60 000	8 000	109 500
Support to conventions, regional seas programmes and protocols	145 520	40 758	-	186 278
Special category of trust funds	367 513	-	-	367 513
Total	554 533	100 758	8 000	663 291

C. Earmarked contributions

12. In accordance with the financial rules of the Fund of the United Nations Environment Programme (rules 204.1 and 204.2), the Executive Director may accept earmarked contributions in the form of agreed contributions from Governments or cooperating agencies or supporting organizations or others made in cash or in kind to support specific activities, services and facilities, as set out in individual project documents.

13. Of the total expenditures of \$112.0 million in the biennium 2010–2011, \$88.8 million took the form of direct support for the UNEP programme of work and \$21.4 million was spent on activities of conventions, regional seas programmes and protocols, with \$1.8 million spent on GEF activities. This represents an overall increase of \$12.2 million over the biennium 2008–2009, when the combined total earmarked contribution expenditure was \$99.8 million.

14. UNEP estimates that earmarked contribution expenditures for 2012–2013 and 2014–2015 in support of the UNEP programme of work will be in the region of \$84.9 million and \$92.5 million, respectively. Earmarked contributions to conventions, regional seas programmes and protocols would marginally decrease from \$21.4 million in 2010–2011 to \$19 million in 2012–2013 and increase to \$23.9 million in 2014–2015. Earmarked expenditures for special category programmes (GEF) for the biennium 2012–2013 are expected to decrease to \$1.6 million and further decrease to \$1.5 million in 2014–2015.

15. A breakdown of the actual expenditures for the biennium 2010–2011 and the estimated expenditures for the bienniums 2012–2013 and 2014–2015 are given in table 6.

Table 6

Earmarked contributions for the bienniums 2010–2011, 2012–2013 and 2014–2015

(Thousands of United States dollars)

<i>Earmarked contributions for:</i>	<i>2010–2011 actual expenditures</i>	<i>2012–2013 revised estimated expenditures</i>	<i>2014–2015 projected expenditures</i>
Direct support for the UNEP programme of work	88 776	84 872	92 500
Activities of conventions, regional seas programmes and protocols	21 443	19 096	23 900
Special category of trust funds (GEF)	1 848	1 563	1 500
Total	112 067	105 531	117 900

16. Table 7 below provides a summary of expenditures against extrabudgetary resources for the three biennia 2010-2011 to 2014-2015. The decrease in direct support for the UNEP programme of work that is forecast for 2014-2015 supports a move towards an increase in the Environment Fund budget for that period while maintaining the overall budget at the same level as approved for 2012-2013.

Table 7

Expenditure summary for the three biennia 2010-2011 to 2014-2015
(Thousands of United Statesdollars)

<i>Biennium</i>		<i>General trust funds</i>	<i>Technical cooperation trust funds (general)</i>	<i>Technical cooperation trust funds (personnel)</i>	<i>Earmarked contributions</i>	<i>Total</i>
2010-2011	Direct support to UNEP programme of work	70,095	83,555	8,970	88,776	251,396
	Support to conventions, regional seas programmes and protocols	157,208	35,121		21,443	213,772
	Special category of trust funds	379,337			1,848	381,185
	Total	606,640	118,676	8,970	112,067	846,353
2012-2013	Direct support to UNEP programme of work	56,251	87,098	13,664	84,872	241,885
	Support to conventions, regional seas programmes and protocols	145,520	40,758		19,096	205,374
	Special category of trust funds	434,108			1,563	435,671
	Total	635,879	127,856	13,664	105,531	882,930
2014-2015	Direct support to UNEP programme of work	41,500	60,000	8,000	92,500	202,000
	Support to conventions, regional seas programmes and protocols	145,520	40,758		23,900	210,178
	Special category of trust funds	367,513			1,500	369,013
	Total	554,533	100,758	8,000	117,900	781,191

17. Document UNEP/GC.27/INF/6 contains tables providing details of actual expenditure for the biennium 2010–2011, estimated expenditure for the biennium 2012–2013 and projected expenditure for the biennium 2014–2015 for all of the trust funds administered by UNEP.