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

Status of the Environment Fund and other sources of funding of the United Nations Environment Programme

Report by the Executive Director[1]

Summary

The present note, submitted pursuant to paragraph 14 of Governing Council decision 26/9, provides information on the status of the Environment Fund and other sources of funding for the United Nations Environment Programme for the biennium 2012–2013.

It should be noted that these figures are preliminary and further adjustments may occur. The final financial statements will be issued in March 2013 by the United Nations Office at Nairobi and thereafter audited by United Nations Board of Auditors.

* UNEP/GC.27/1.

[1] Issued without formal editing.

The financial framework of UNEP

1. **Table 1** below presents the financial framework of UNEP consisting of the GC.26 approved total biennial budget and the actual expenditures as at 31 December 2012 from all sources funds which directly support UNEP Programme of Work namely Environment Fund, Trust Funds and Earmarked Contributions, Programme Support Cost and Regular Budget. The resources of Conventions, Protocols, Regional Seas Action Plans, GEF and the Multilateral Fund are not included in the table.

2. The total approved budget for the biennium 2012-2013 was US$ 474.0 as shown in **Table 1** and a total of US$ 259.8 million was allotted in 2012 from all sources of funds for programme implementation. Expenditures recorded in 2012 against all sources of funds amounted to US$ 222.8 million or 85% of the allotment. These figures are preliminary and further adjustments may occur as the final financial statements for 2012 will not be issued until March 2013.

Table1. Financial framework of UNEP for 2012-2013 showing budgets and expenditures directly supporting UNEP Programme of Work as at 31 December 2012 (amounts in US$ thousands)

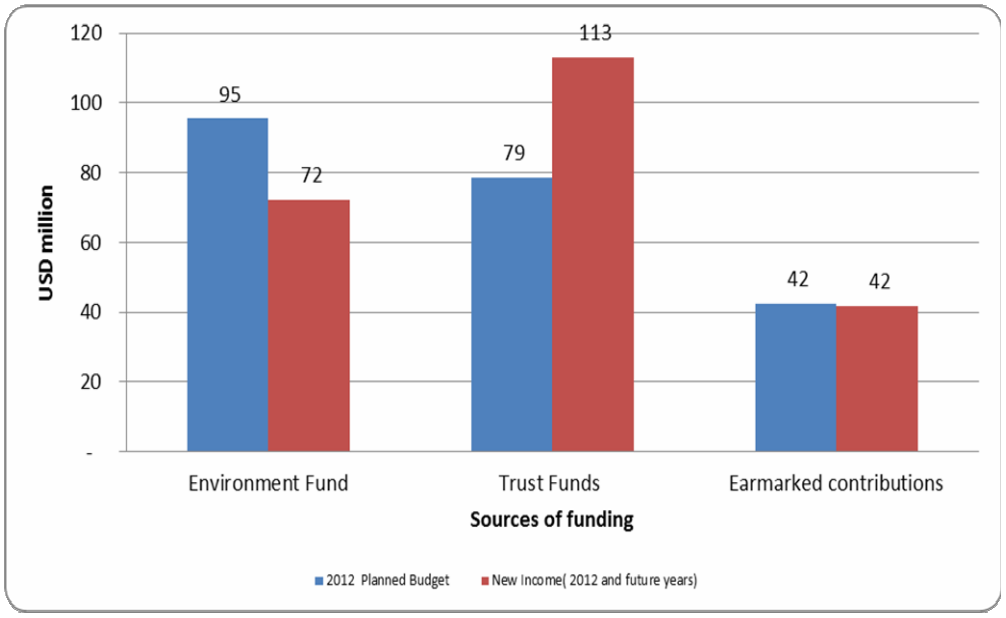
	2012-2013 GC Approved budget	2012	2012 Estimated expenditures as at 31 December 2012				
		Allotments	Environment Fund	Trust and Earmarked Funds	Programme support cost	Regular budget	2012-2013 Expenditures
	2012-2013	2012	2012	2012	2012	2012	2012
A. Policymaking organs	104	41	-	-	-	1	1
B. Executive direction and management	12,352	5,719	3,969	-	-	1,837	5,806
Sub Total B	**12,456**	**5,760**	**3,969**	**-**	**-**	**1,838**	**5,807**
C. Programme of work		-	-	-	-	-	
1. Climate change	82,708	62,033	13,244	33,934	-	552	47,730
2. Disasters and conflicts	50,225	17,249	2,669	11,697	-	301	14,666
3. Ecosystem management	66,520	38,788	12,438	17,505	-	1,021	30,964
4. Environmental governance	84,212	54,528	20,810	29,756	-	1,966	52,532
5. Chemicals and wastes	59,961	29,405	6,727	17,987	-	192	24,906
6. Resource efficiency	71,801	29,465	7,927	18,176	-	201	26,304
Subtotal C	**415,426**	**231,469**	**63,815**	**129,054**	**-**	**4,233**	**197,102**
D. Fund Programme Reserve	**6,365**	3,183	1,890	-	-	-	**1,890**
Sub Total C+D	**421,792**	**234,652**	**65,705**	**129,054**	**-**	**4,233**	**198,992**
E. Programme Management & support		-	-	-	-	-	
Office for Operations	39,772	19,430	3,146	513	13,612	718	17,989
Subtotal E	**39,772**	**19,430**	**3,146**	**513**	**13,612**	**718**	**17,989**
Grand Total (A+B+C+D+E)	**474,020**	**259,841**	**72,820**	**129,567**	**13,612**	**6,789**	**222,788**

3. For 2012-2013 the GC 26 approved an Environment Fund budget of 191 million with a ceiling of US$122.3 million for posts costs. Actual post costs for 2012 are estimated at US$ 55 million which is within the target.

I. Contribution analysis

4. At 31 December 2012, income from contributions directly supporting the Environment Fund for 2012 amounted to US$ 71.6 million which, when added to USD 13.3 million carry over from the previous biennium, is US$ 10.6 million less than the US$ 95.5 million GC approved budget. Income received from Trust Funds directly supporting UNEP's POW total US$ 113 million, US$ 34 million more than the budget estimate of US$ 79 million. Income received from Earmarked Contributions supporting UNEP's POW total US$ 42 million, equal to the 2012 budget estimate.

Figure A: Comparison 2012 Budget and Income as at 31 December 2012



II. Environment Fund

The Governing Council at its 26th session approved appropriations of US$ 191 million for the 2012-2013 Environment Fund Programme and Biennial Support Budget (GC Decision 26/9), equal to US$ 95.5 million for each year of the biennium. **Table 2** below shows that contributions received in 2012 amount to US$ 71.58 million of which US$ 71.41 million have been paid and US$ 0.17 million were unpaid pledges that are expected to be paid in 2013. Details of contributions are provided in Annex I and II.

Table 2: Contributions to the Environment Fund in 2006-2010 as at 31 December each year (amounts in US$ thousands)

Category	2008	2009	2010	2011	2012 Estimate
Estimated Contributions (in USD thousands)	89,395	85,598	81,731	80,773	71,584
Paid contributions (in USD thousands)	89,346	85,587	81,440	80,218	71,412
Estimated number of contributions (number of countries)	118	112	104	108	97
Number of paid contributions (number of countries)	79	83	73	89	89
Paid as percentage of expected contributions	99.95%	99.99%	99.64%	99.31%	99.06%

III. Budget performance

A. Environment Fund

5. Taking into account the shortfall in contributions received in 2012 as compared to budget, the Executive Director issued allocations in 2012 of US$ 78.5 million of which US$ 67.5 million was for Environment Fund Programme activities, US$ 7.8 million for the Environment Fund Biennial Support Budget and US$ 3.2 million for Fund Programme Reserve.

6. Expenditure in 2012 was US$72.8 million against the US$ 78.5 million allocation, giving a 92.7% fund utilization rate. **Table 3** below shows the approved budget, allocations and expenditures by sub-programmes as at 31 December 2012.

Table 3: 2010 Program of Work Approved Budget, Allocations & Expenditure (amounts in US$ thousands)

Sub-programmes.	2012-2013 GC Approved budget	2012 Allocation issued	Environment Fund Expenditure	Allotment Utilizations	Unexpended allocations for 2012
A. Policymaking organs					-
B. Executive direction and management	**9,041**	**4,085**	**3,969**	**97.2%**	**116**
Sub Total B	**9,041**	**4,085**	**3,969**	**97.2%**	**116**
C. Programme of work					
1. Climate change	30,788	12,564	13,244	105.4%	(680)
2. Disasters and conflicts	10,454	4,266	2,669	62.6%	1,597
3. Ecosystem management	36,226	14,783	12,438	84.1%	2,345
4. Environmental governance	41,622	16,985	20,810	122.5%	(3,825)
5. Chemicals and wastes	19,543	7,975	6,727	84.3%	1,248
6. Resource efficiency	26,867	10,964	7,927	72.3%	3,037
Subtotal C	**165,500**	**67,538**	**63,815**	**94.5%**	**3,723**
D. Fund Programme Reserve	**6,365**	**3,183**	**1,890**	**59.4%**	**1,293**
Sub Total C+D	**171,866**	**70,720**	**65,705**	**92.9%**	**5,015**
E. Programme Management & support					
Office for Operations	10,055	3,715	3,146	84.7%	569
Subtotal E	**10,055**	**3,715**	**3,146**	**84.7%**	**569**
Grand Total (A+B+C+D+E)	**190,962**	**78,520**	**72,820**	**92.7%**	**5,700**

Trust Funds and Earmarked Contributions

7. The estimated resources for Trust Funds and Earmarked Contributions for the biennium 2012-2013 approved by UNEP GC 26/9 amounted to US$ 242.1 million, of which US$ 157.2 million is for trust funds and US$ 84.9 million for earmarked contributions. Expenditure for the trust funds and earmarked contributions directly supporting the UNEP Programme of Work as at 31 December 2012 was US$ 129.6 million, equivalent to 80.5% of the 2012 allotted resources of US$ 161 million as noted in Table 4 below.

Table 4: Trust funds and earmarked expenditures as at 31 December 2012 (amounts in US$ thousands)

Sub-programmes.	2012-2013 GC Approved budget	2012 Allocation issued	Fund Expenditure	Allotment Utilizations	Unexpended allocations for 2012
1. Climate change	50,838	48,940	33,934	69.3%	15,007
2. Disasters and conflicts	39,233	12,749	11,697	91.7%	1,052
3. Ecosystem management	28,326	23,062	17,505	75.9%	5,557
4. Environmental governance	39,077	35,856	29,756	83.0%	6,099
5. Chemicals and wastes	39,960	21,222	17,987	84.8%	3,235
6. Resource efficiency	44,452	18,296	18,176	99.3%	120
Management and administration	212	904	513	56.7%	391
Grand Total	**242,097**	**161,029**	**129,567**	**80.5%**	**31,462**

B. Support Account for Trust Funds and Earmarked Contributions

8. The Programme Support Account income is generated from the administrative overhead charged to trust funds and earmarked contributions based on their actual expenditures, in accordance with the UN Regulations and Rules. The rationale behind this provision is to ensure that activities financed through extra-budgetary resources (i.e. Trust Funds and Earmarked Contributions) do not create any additional burden to the UN Regular Budget, or in the case of UNEP, the Environment Fund budget which is UNEP's core budget. For UNEP administered conventions, 67% of the Programme Support Account for Trust Funds and Earmarked Contributions resources are allocated towards their Secretariats for the provision of fund management and administrative services. The balance of the Programme Support Account budget covers the administrative costs of managing Trust Funds and Earmarked Contributions incurred by UNEP and UNON.

9. **Table 5** below shows total projected income from programme support resources for the biennium 2012-2013 is US$ 28.2 million. Expenditure to 31 December 2012 was US$ 13.6 million against an allotment of US$ 14.2 million, resulting in unspent balance of US$ 0.6 million.

Table 5: Programme Support Resources as at 31 December 2012 (amounts in US$ thousands)

Sub-programmes.	2012-2013 GC Approved budget	2012 Allocation issued	Programme Support costs	Allotment Utilizations	Unexpended allocations for 2012
Programme Management & support Management and administration	28,183	14,228	13,612	95.7%	616
Total	**28,183**	**14,228**	**13,612**	**95.7%**	**616**

C. Regular Budget

10. The Regular Budget of the United Nations provides support to the United Nations Environment Programme (UNEP) in line with the General Assembly resolution 2997 (XXVII). When it established UNEP, the Assembly decided that "the costs of servicing the Governing Council and providing the small secretariat… shall be borne by the Regular Budget of the United Nations".

11. For the biennium 2012-2013, the total estimated allocations to UNEP from the Regular Budget (excluding the allocation for United Nations Scientific Committee on the Effects of Atomic Radiation (UNSCEAR)) are US$12.8 million, **Table 6** below shows that the 2012 expenditures of US$ 6.8 million exceed the allotment by US$ 0.7 million. This over-expenditure occurred on the staff costs line and will be absorbed by UN HQ.

Table 6: Regular Budget Resources as at 31 December 2012 (amounts in US$ thousands)

Sub-programmes.	2012-2013 GC Approved budget	2012 Allocation issued	Regular Budget Expenditure	Allotment Utilizations	Unexpended allocations for 2012
Policymaking organs	104	41	1	1.5%	40
Executive direction	3,099	1,634	1,837	112.4%	(203)
Climate change	1,082	528	552	104.5%	(24)
Disasters and conflicts	537	234	301	128.4%	(67)
Ecosystem management	1,968	943	1,021	108.3%	(78)
Environmental governance	3,512	1,688	1,966	116.5%	(279)
Chemicals and wastes	459	208	192	92.3%	16
Resource efficiency	483	205	201	97.7%	5
Office for Operations	1,534	583	718	123.2%	(135)
Grand Total	**12,777**	**6,064**	**6,789**	**112.0%**	**(725)**

12. **Table 7** below shows the breakdown of projected resources for UNEP Administered Conventions and Special Accounts (the Multilateral Fund, funds supporting the Global Environment Facility and MEAs).

Table 7: Trust Funds in Support of Conventions, Regional Seas and Special Accounts – flow and use of resources for 2012-2013 as at 31 December 2012 (amounts in US$ thousands)

Categories	Conventions and Regional Seas	Special Accounts
RESOURCES AVAILABLE		
Balance as at 1 January 2012	84,069	405,870
Voluntary and assessed Contributions	137,591	186,900
Total Resources available	**221,660**	**592,770**
CLAIMS ON RESOURCES	-	
Trust Funds(General and Technical)	92,199	
Multilateral Fund for the Montreal Protocol		10,322
Global Environmental Facility		95,079
MEA s & Earmarked expenses	15,004	
Total claims on resources	**107,203**	**105,401**
Balance of fund on 31 December 2012	**114,457**	**487,369**

List of Annexes referred to in the text:

Annex I 2012-2013 Contributions to UNEP's Environment Fund;
Annex II Top Fifteen Donors for 2012.

Annex I

2012-2013 Contributions to UNEP's Environment Fund (amounts in US$)

	Payee name	Pledges for 2012-2013	Collections of 2012-2013 in 2012	2012 unpaid contributions
1	Afghanistan	1,225	1,225	-
2	Andorra	39,474	39,474	-
3	Angola	2,400	2,400	-
4	Argentina	70,000	70,000	-
5	Armenia	2,500	2,500	-
6	Australia	1,201,645	1,201,645	-
7	Austria	523,520	523,520	-
8	Bangladesh	653	653	-
9	Barbados	2,500	2,500	-
10	Belarus	16,000	-	16,000
11	Belize	950	-	950
12	Bhutan	1,450	1,450	-
13	Bosnia and Herzegovina	12,000	12,000	-
14	Bulgaria	17,000	17,000	-
15	Burkina Faso	5,646	5,646	-
16	Cambodia	2,000	2,000	-
17	Canada	3,000,000	3,000,000	-
18	China	500,000	500,000	-
19	Colombia	50,000	50,000	-
20	Costa Rica	3,814	3,814	-
21	Croatia	33,000	33,000	-
22	Cyprus	44,000	44,000	-
23	Czech Republic	49,845	49,845	-
24	Denmark	4,371,852	4,371,852	-
25	Ecuador	7,600	7,600	-
26	Egypt	25,000	25,000	-
27	Eritrea	1,800	1,800	-
28	Ethiopia	1,600	1,600	-
29	Fiji	4,481	4,481	-
30	Finland	4,395,180	4,395,180	-
31	France	5,850,000	5,850,000	-
32	Gambia	1,000	1,000	-
33	Georgia	3,000	3,000	-
34	Germany	9,696,293	9,696,293	-
35	Guyana	1,005	1,005	-
36	Hungary	10,000	10,000	-
37	Iceland	38,000	38,000	-
38	India	100,000	-	100,000
39	Indonesia	59,000	59,000	-

	Payee name	Pledges for 2012-2013	Collections of 2012-2013 in 2012	2012 unpaid contributions
40	Iraq	6,500	6,500	-
41	Ireland	470,000	470,000	-
42	Israel	20,000	20,000	-
43	Jamaica	4,884	4,884	-
44	Japan	2,779,194	2,779,194	-
45	Kazakhstan	22,975	22,975	-
46	Kenya	30,000	30,000	-
47	Kuwait	200,000	200,000	-
48	Kyrgyzstan	950	950	-
49	Lao, People's Dem. Rep.	2,000	2,000	-
50	Lesotho	9,975	9,975	-
51	Lithuania	23,000	23,000	-
52	Luxembourg	660,314	660,314	-
53	Madagascar	999	999	-
54	Malaysia	40,000	40,000	-
55	Maldives	2,000	2,000	-
56	Mauritius	5,000	5,000	-
57	Mexico	350,000	350,000	-
58	Micronesia	760	760	-
59	Miscellaneous Contribution to UNEP	3,140	3,140	-
60	Monaco	26,437	26,437	-
61	Mongolia	1,000	-	1,000
62	Morocco	15,621	15,621	-
63	Namibia	1,750	1,750	-
64	Netherlands	10,017,600	10,017,600	-
65	Nicaragua	1,000	-	1,000
66	Norway	3,000,000	3,000,000	-
67	Pakistan	10,964	10,964	-
68	Panama	10,000	10,000	-
69	Papua New Guinea	1,000	1,000	-
70	Peru	19,000	19,000	-
71	Philippines	19,000	19,000	-
72	Poland	150,000	150,000	-
73	Portugal	50,000	-	50,000
74	Republic of Korea	307,931	306,931	1,000
75	Republic of Moldova	950	-	950
76	Romania	95,000	95,000	-
77	Russian Federation	900,000	900,000	-
78	Rwanda	950	950	-
79	Saint Kitts and Nevis	475	475	-
80	Serbia	17,000	17,000	-
81	Seychelles	1,200	1,200	-
82	Singapore	50,000	50,000	-
83	Slovakia	55,000	55,000	-

	Payee name	Pledges for 2012-2013	Collections of 2012-2013 in 2012	2012 unpaid contributions
84	Sri Lanka	5,100	5,100	-
85	Suriname	1,000	-	1,000
86	Sweden	4,882,142	4,882,142	-
87	Switzerland	4,358,546	4,358,546	-
88	Thailand	24,488	24,488	-
89	Trinidad and Tobago	13,000	13,000	-
90	Turkey	425,000	425,000	-
91	UNDP Res Rep East Timor	950	950	-
92	UNFCU - UNON Corporate Credit Card	2,000	2,000	-
93	United Arab Emirates	40,000	40,000	-
94	United Kingdom	5,707,440	5,707,440	-
95	United States of America	6,587,000	6,587,000	-
96	Viet Nam	7,500	7,500	-
97	Zimbabwe	1,000	1,000	-
	Total Contributions	**71,584,168**	**71,412,268**	**171,900**

Annex II

Top Fifteen Donors for 2012

	Country	2012-Pledges
1	Netherlands	10,017,600
2	Germany	9,696,293
3	United States of America	6,587,000
4	France	5,850,000
5	United Kingdom of Great Britain and Northern Ireland	5,707,440
6	Sweden	4,882,142
7	Finland	4,395,180
8	Switzerland	4,358,546
9	Denmark	4,371,852
10	Canada	3,000,000
11	Norway	3,000,000
12	Japan	2,779,194
13	Australia	1,201,645
14	Russian Federation	900,000
15	Luxembourg	660,314
	Total Contribution by Top 15	**67,407,206**