

2020-2021 Programme of Work Budgets

Comments from CPR meeting of 20 September 2018

I. Switzerland

Please provide **for the last three biennia** (and for 2018) the following information, differentiated by funding source:

- 1) Number of staff in Full Time Equivalents with a break-down per Division.
The Secretariat is compiling the data and will provide them as soon as possible under Annex I.
- 2) Overall costs for the Executive Office with a break-down in staffing costs, travel costs and other costs.
Please find under Annex II the Executive Office expenditures by fiscal year and budget classes. It is important to note that the 2018 expenditures reflect charges as at 25 September 2018.
- 3) Overall travel costs with a break-down per division
The Secretariat is compiling the data from 2016 to date and will provide them as soon as possible under Annex III. The travel data for the years 2012 to 2015 requires more time due to the shift from the previous financial system (IMIS) to Umoja.
- 4) Reiteration of information request made in June 2018: A detailed analysis on the current budget allocations and respective cuts made compared to the budget contained in the Environment Fund.
Please find under Annex IV: (i) the Environment Fund 2018 allocation broken down by sub-programme, division/office, as well as staff and non-staff category; (ii) the approved proportions of each sub-programme compared with the 2018 allocations; (iii) the applied respective cuts brought by the difference between the approved envelope and the 2018 available Environment Fund resources.

II. European Union and its Member States

- 1) 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.
According to the principles of the VISC 2018-2019, which are aligned with the decision of the Governing Council establishing VISC, Member States are requested to contribute at least at the level which the UN Assessed Scale would warrant and/or to retain their previous high level of contributions. This means that in a reduced budget scenario, VISC would remain the same for any country which previously contributed more than the UN assessed scale as applied to the new budget. However, those Member States which had been contributing at a level lower than their UN assessed scale would now have a reduced amount for their VISC as calculated based on UN assessed scale contribution applied to new budget. This would create further imbalance between highest contributors and others which are expected to contribute more than their current level.

2) What are the potential risks of the lowering of the EF

In its resolution 66/288, the General Assembly endorsed the outcome document of Rio+20, “The future we want”, in which Heads of State and Government and high-level representatives expressed their commitment to, inter alia, the strengthening and upgrading of UNEP in the context of strengthening international environmental governance. It highlighted the need for secure, stable, adequate and increased financial resources from the regular budget of the United Nations and voluntary contributions. Against this global desire to strengthen the Environmental Dimension of the 2030 Agenda for Sustainable Development, Member States approved subsequent Environment Fund budgets to meet the challenge of the Sustainable Development Goals. This resulted in budget approvals of US\$ 245 million (2014-2015), US\$ 271 million (2016-2017) and US\$ 271 million (2018-2019) through UNEA 1 and UNEA 2. The risk of decreasing the budget of the Environment Fund would translate into acknowledging that the ambition arising from Rio+20 – which is to ensure secure, stable, adequate and increased financial resources – will not materialize. The universal membership set out in the Rio+20 outcome also carries a global responsibility for funding by all Member States. In addition, a decreased budget for the Environment Fund undermines the capacity of UN Environment Programme to contribute towards the implementation of environment dimension of the Sustainable Development Goals.

3) What are considered core activities expected to be funded against the different budget streams; distinction between funding sources?

❖ **Regular Budget**

The regular budget resources are intended to cover the fundamental activities of the UN Environment Programme. The resources received is intended to cover the Programme activities as proposed by the Secretary General and approved by the General Assembly, as guided by Resolution 67/213 of 2012 and the latest Resolution 72/263 of 2017.

➤ **Key activities and staff delivering related functions financed by the Regular Budget**

- To provide substantive support to the UN Environment Assembly (conference services);
- To co-ordinate, under the guidance of the UN Environment Assembly, environmental programmes within the UN system, to keep their implementation under review and to assess their effectiveness;
- To advise, as appropriate and under the guidance of UN Environment Assembly, intergovernmental bodies of the UN system on the formulation and implementation of environmental programmes;
- To secure the effective co-operation of, and contribution from, the relevant scientific and other professional communities in all parts of the world;
- To provide, at the request of all parties concerned, advisory services for the promotion of international co-operation in the field of the environment;
- To submit to the UN Environment Assembly, on its own initiative or upon request, proposals embodying medium-range and long-range planning for UN programmes in the field of the environment;

- To bring to the attention of UN Environment Assembly any matter which he deems to require consideration by it;
- To report on environmental matters to UN Environment Assembly;
- The regular budget support the financing of core staff tasked with delivering on the substantive issues approved by the General Assembly, in accordance with resolution 67/213.

❖ **Earmarked Funds**

The earmarked resources consists of voluntary contributions from member states and stakeholders. The funding is donor-specific and intends to fund specific areas of the programme of work, thereby complementing the resources from regular budget and environment fund. In some cases, this creates an imbalance in the resource distribution of financial resources among the subprogrammes; hence leads to imbalance delivery of the approved programme of work.

➤ **Key activities and staff delivering related functions financed by Earmarked Funds**

- Earmarked contributions to the UN Environment Programme supplement contributions to the Environment Fund with more targeted resources. Such resources may, for example fund specific work undertaken by the UN Environment Programme in cases where a donor's policy, rules and regulations may not allow for direct support or contribution to the Environment Fund.
- Earmarked support may also be provided to areas of UN Environment work that have been identified as high priority, in cases where they match the policy priorities of a specific Government or partner.
- Donor contributions are earmarked for the implementation of specific deliverables under approved the programme of work projects. While the Environment Fund provides the backbone support of these projects, extrabudgetary resources may be used to finance time-bound specific expertise in the form of project staff.

❖ **Environment Fund**

The decision in Rio+20 and by the General Assembly to increase financial support to UN Environment was premised on Member States' aim to strengthen UN Environment Programme's institutional management and coordination capacity both at Headquarters level, in its Regional Offices, as well as its ability to deliver operational programmes at the country and regional levels more effectively. The Environment Fund leverages Member States' investments into a pooled resource to ensure effective delivery of results of environmental initiatives in the programme of work, including its normative and scientific and coordination mandate of the UN system's environmental activities.

➤ **Key activities and staff delivering related functions financed by the Environment Fund**

- To set the global environmental agenda and convene the decision makers from policy makers to civil society, including the private sector.
- To promote strong science-policy interface to support informed decision making.

- To serve as an authoritative advocate for the global environment - disseminate and share evidenced based environmental information & raise public awareness on critical and emerging environmental issues.
- To enhance the technical capacity at the regional and country level to better assist the Member states and stakeholders' requests.
- Effective co-operation with the scientific community and other relevant stakeholders worldwide.
- Reporting on environmental matters to the United Nations environment assembly.
- Co-ordination of environmental programmes within the UN system, at both corporate and regional levels.
- To sustain the implementation of the programme of work approved by the UN Environment Assembly and supports its deliverables while taking into consideration the contributions made by either the earmarked or regular budget resources.
- The staff financed by the environment fund focuses on the core substantive issues listed above in addition to Servicing of the UN Environment Assembly, direction, management and administration, including coordination and robust oversight.

4) What are the mechanisms the organization will apply if revenues are below what is planned; how to prioritize ambition against available resources?

UN Environment Programme income is not entirely predictable. Neither in terms of both timing nor value. In order to manage this risk during implementation, as well as prioritize where resources should be allocated, the following criteria and principles, by funding source, are followed:

❖ **Regular Budget**

- The Regular budget is prioritized to finance activities specifically approved by the General Assembly. These include servicing the UN Environment Assembly and supporting a small UN Environment Secretariat.

❖ **Earmarked Funds**

- Earmarked contributions target specific deliverables of approved projects under the Programme of Work and are implemented in accordance with the contracts signed with the donors.

❖ **Environment Fund**

- The Environment Fund primarily funds salaries of staff that implement core activities in the Programme of Work approved by the UN Environment Assembly, and the technical and managerial staff at all levels dedicated to these functions.
- Resources are prioritized for areas relating to the core mandate of the Programme such as keeping the Environment Under Review, strengthening the science policy interface, setting the global environmental agenda, capacity-building to countries, support and facilitate access technology, and strengthening of regional presence.
- The Environment Fund is also prioritized to bridge funding gaps for projects against which funding is not secured.

5) What are the consequences of the different budget envelope options? How a balance could be found between realism and ambition approach?

❖ **Option A**

Option A presented a zero-growth budget with an overall budget envelope of \$789 million. This option is equivalent to the 2018-2019 budget. However, based on a historical trend analysis, this option may not be deemed realistic. In particular, the level of the Environment Fund envelope is

aspirational and may be considered over-ambitious, while the earmarked and trust funds (extra-budgetary resources) may, on the other hand, be underestimated.

❖ **Option B**

Option B presents a moderate growth option with an overall budget envelope of \$850 million. This reflects an average of actuals expenditure over the last three biennia for all funding sources except for: (1) the Regular Budget which reflects the current approved level and (2) the Programme Support which reflects 10% of the Trust and Earmarked Funds budget. This option takes into account the historical trends over the last three biennials, looking at the real contributions. While it may be considered a more realistic approach, it lacks ambition with regard to the level of the Environment Fund.

❖ **Option C**

Option C presented a real-growth option with an overall budget envelope of \$910 million. This option also takes into account the historical trends over the last three biennials. However, for the Environment Fund, an increased ambition level representing \$50 million is added, in line with the new Resource Mobilization Strategy approved in 2017. The current projected income for the Environment Fund for 2018 is \$75 million. If this projection is extrapolated for 2019, the total contribution for 2018-2019 Programme of Work would be \$150 million, which in turn could serve as a realistic projection for 2020-2021. The increased ambition level of \$50 million would bring the recommended envelope up to a total of \$200 million for the biennium. The aim for option C is to strike a balance between a realistic and ambitious approach.

- 6) Para. 30 – Please clarify what are the “UN Environment Programme is developing more flexible instruments and avenues to encourage contributors”?

This work will be initiated in the last quarter of 2018. In terms of instruments, the purpose is to identify and develop instruments that will enable provision of financial contributions to larger programme areas globally and geographically that could be jointly supported by multiple funding partners. The aim is to strike a better balance between the needs of funding partners to earmark support and for the organization to retain adequate flexibility for efficient, effective and balanced delivery of the approved programme. In other words, to facilitate shift from tightly earmarked towards softly earmarked funding.

Regarding encouraging more contributors, the organization will reach out to foundations, high-net worth individuals, private sector and explore other non-traditional sources of funding, in addition to expanding outreach to member states, in line with the new Resource Mobilization Strategy.