

Committee of Permanent Representatives
Subcommittee Meeting
Tuesday 14 July 2020
9:00 – 12:00
Online Meeting

Background Document for Agenda Item 2: UNEP Mid-Term Strategy narrative and budget approach

This document provides the Programme of Work 2022-2023 Budget (PoWB) envelope options for review and guidance by the CPR Subcommittee. UNEP's Secretariat will then formulate a detailed budget to accompany the Programme of Work 2022-2023.

Programme of Work 2022-2023 Budget Envelope Options

A. Summary:

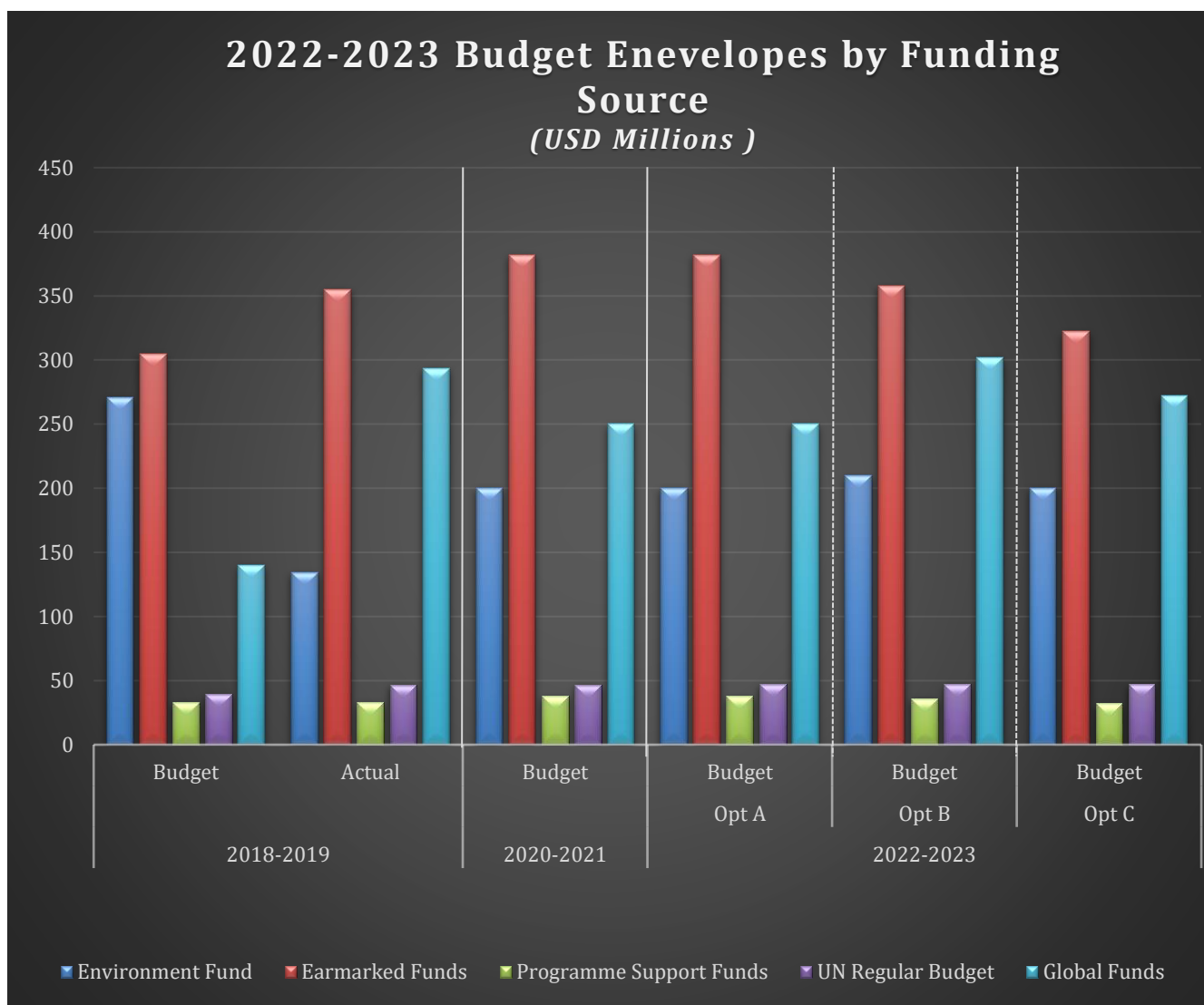
1. The United Nations Environment Programme (UNEP) is at a historical juncture. Our world is facing a period of uncertainty and change that we have not experienced in several generations. Science is telling us that we are closing in on, and in some cases, have already exceeded critical thresholds of the planet - for climate, nature, and pollution - driven by population pressure and unsustainable, inequitable consumption and production patterns. While global environmental changes are accelerating faster than anticipated, the world continues to lag behind the environmental threats we face. At the current juncture, we are not on track towards achieving the targets of the Paris Agreement. In addition, the Aichi Biodiversity targets as well as the 2020 Chemicals and Waste goals will not be met.
2. The COVID-19 outbreak has caused unimaginable devastation and hardship, putting increased focus on how the health of people and the planet are one and the same and bringing our way of life to an almost complete halt on a global scale. With COVID-19, the planet has delivered its strongest warning to date that humanity must understand the interactions between society and nature and why the transition to a sustainable world needs to be accelerated. In this respect, we have no choice but to make a collective, transformative change, to pull away from planetary instability and work in unity to reverse the loss and detriment caused to the natural world.
3. The idea that a thriving natural world is essential to human health, societies and economies has always been central to UNEP's work. But now UNEP must provide even more support to nations and partners, especially as they invest in building back a better world and greening their recovery efforts to increase resilience to future pandemics. Green fiscal stimulus packages and financing will be key mechanisms to back a healthier planet and the achievement of a just transition that focuses on green and decent jobs, investments in public wealth and social and ecological infrastructure, circularity to advance sustainable consumption and production, responsible finance for climate stability and ecosystems integrity, and socially inclusive outcomes.
4. Central to UNEP's support in helping nations and partners achieve these aspirations will be reaching real economy actors to rebuild, scale up and accelerate sustainable consumption and production patterns, create new green jobs and linking countries' recovery efforts with the green energy transition, nature-based solutions and the goals of the Paris Agreement. All of these efforts will have to synergize with and build on UNEP's work towards restoring degraded ecosystems and biodiversity, fighting climate change, increasing resilience and reducing pollution, which will continue to be critical pathways to support the transformative societal changes that will allow us to pull away from planetary instability.
5. UNEP will do so through a coordinated approach, working with the entire UN system for people and nature, expanding and strengthening existing partnerships to address country needs as they advance the Sustainable Development Goals, the Paris Agreement and other crucial environmental conventions, which at present represent our best chance to reach a brighter future.

6. UNEP's next Medium-Term Strategy (MTS) for the period 2022-2025 offers opportunity for UNEP to reflect on the complexities of the current juncture in order to set a clear direction of travel for the organization, captured in refreshed vision for the planet and a blueprint for action on how the organization will support the world to achieve it. Central to the achievement of this vision will be UNEP's role of driver for catalytic change towards lifting the barriers to progress on the planetary crises we face, including the response to COVID-19 in the current emergency as well as post-pandemic phase, and ultimately 'shifting the needle' on outcomes for people, prosperity and planet.
7. It is in this context that UNEP is preparing its next Programme of Work and Budget (PoWB) for the year 2022-2023. The PoWB will set out the organization's technical approach in support of the delivery of its next MTS for the first half of its 2022-2025 period, focusing on identifying expected results and impacts and designing the related metrics of success. Having a sound and realistic PoW budget, which demonstrates the resources needed to deliver on expected results in a time when environmental issues and actions to address them are critical whilst at the same time reflecting on the current global climate in a post COVID 19 world requires careful and strategic reflection. It must be underpinned by an imperative to demonstrate UNEP's relevance and aspirations to address environmental issues; and enable the organization to exert its role of environmental leader, uniquely positioned to catalyse positive action that improves the quality and direction of the health of the planet, restores our relationship with the natural world and contributes to the achievement of Agenda 2030 and the Sustainable Development Goals.
8. At the onset of preparing the PoWB, the Executive Director hereby submits three options of budget envelopes by funding source to the Committee of Permanent Representatives for deliberations and guidance.
9. Building on lessons learned on the success of our resource mobilization efforts to date, UNEP is exploring the possibility of establishing trust-funds dedicated to support UNEP's three thematic programmes; namely: Climate Action, Nature Action, and Pollution Action. Contributions against these trust funds would be flexible in nature and provide reporting by thematic area rather than customized projects. It is anticipated that such a modality would provide resources in addition to the Environment Fund whilst remaining within the overall envelopes of earmarked and global funds indicated in the three options.
10. The budget envelopes are broken down by the following funding streams: Environment Fund, Regular Budget, Earmarked Funds, Programme Support Fund, and Global Funds.
 - **Option A** - zero growth budget with an overall budget envelop of **\$917 million**. This option considers that the organization would retain and use the same budget levels as are approved for the current programme of work 2020-2021.
 - **Option B** - growth option with an overall budget envelop of **\$953 million**. This option reflects a 5% increase under the Environment Fund and a rounded average of actual expenditures over the last three biennia for the Earmarked and Global Funds. The Regular Budget reflect the current approved level and the Programme Support represent 10% of the Earmarked Funds budget.
 - **Option C** – conservative option of **\$873 million**. This option considers a 10% reduction on the rounded average of actual expenditures over the last three biennia for the Earmarked and Global Funds. It assumes a spill-over of COVID-19 impact on the global economy and donor contributions towards the 2022-2023 biennial. The Regular Budget will continue to reflect the current level approved by the General Assembly and the Programme Support Funds represent a 10% of the Earmarked Funds budget. The Environment Fund proposed budget remains at \$200 million under the assumption that Member States will ensure that the environment remains a priority in their national budgets.

Table 1: Total Budget by Funding Type (Figures in Millions)

Funding Type	2014-2015		2016-2017		2018-2019		2020-2021	2022-2023		
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Opt A Budget	Opt B Budget	Opt C Budget
Environment Fund	245	146	271	129	271	134	200	200	210	200
Earmarked Funds	202	348	225	372	305	355	382	382	358	322
Programme Support Funds	23	32	23	36	33	33	38	38	36	32
UN Regular Budget	35	31	46	45	40	47	47	47	47	47
Global Funds	114	239	118	372	140	294	250	250	302	272
Total:	619	796	684	954	789	862	917	917	953	873

Figure 1: Budget Envelope Options by Funding Type (Figures in Millions)



B. Recommendation

11. UNEP continues to strengthen its resource mobilization efforts. Accordingly, the UNEP Secretariat is recommending option B with a total funding requirement of \$953 million for the biennium 2022-2023. This option considers the 2030 Agenda, increased calls to actions linked to “building back better” in a post COVID reality, as well as the 2022-2025 Medium Term Strategy as described in the summary section of this document.
12. UNEP is also presenting a zero growth and conservative budget options for consideration; UNEP is aware that in the current economic climate there can be challenges in allocations of development aid and has reflected this in the options provided. However, it is to be noted that in these scenarios these levels of budget would not sustain the ambition set out in the 2030 Sustainable Development Goals and the Medium-Term Strategy 2022-2025.
13. Upon receiving guidance from the Committee of Permanent Representative on the overall budget targeted for 2022-2023, UNEP will formulate a detailed budget to accompany the Programme of Work 2022-2023.