

## FACT SHEET ON UNEP'S 2014-15 DRAFT BUDGET

This note attempts to summarise the impact of the Rio+20 outcomes and GA resolution 67/213, on the UNEP budget. Impact is assessed in general strategic terms, and, in more detail, through an analysis of how the proposed UN Regular Budget (RB) allocation specifically addresses the guidance provided by member states. A more detailed description of the process leading to the current draft is provided in Annex I.

### Basic Indicators

Total budget	<ul style="list-style-type: none"> <li>✓ Total budget for 2014/15 (\$ 631 million) represents a 2.6% increase, in current dollars, as compared to 2012/13.</li> </ul>
Total posts	<ul style="list-style-type: none"> <li>✓ Total number of <u>posts</u> in UNEP for 2014/15 would be 854 on comparison to 845 for 2512/13 - an overall <u>increase of 9 positions</u>.</li> </ul>
Income composition	<ul style="list-style-type: none"> <li>✓ <u>UN Regular budget</u> proposed for 2014/15 - <u>\$47.7 million</u> (\$14.2 in 2012/13)</li> <li>✓ <u>Environment Fund</u> for 2014/15 - <u>\$ 245 million</u> (2012/13 - \$ 191). The percentage of Environment Fund allocated to operations &amp; activities increases from 30% to over 50%</li> <li>✓ <u>Trust fund and earmarked funds</u> budgeted for 2014/15 - <u>\$ 202 million</u> (\$242 in 2012/13)</li> </ul>
Staff posts	<ul style="list-style-type: none"> <li>✓ For the Environment Fund, percentage of <u>funds dedicated to staff positions</u> is reduced by 30%, to <u>49%</u>. In the previous biennium it took an average of 2.4 <u>persons to deliver 1 million dollars</u> of environment fund; in 2014-15, 1.8 persons. For the regular budget and the environment fund combined, the figure goes <u>down from 2.5 to 2</u>.</li> </ul>
Support costs	<ul style="list-style-type: none"> <li>✓ The percentage of <u>support costs</u> for the UN regular budget shrinks from 8.5% in 2013-14 <u>to 5.3% in 2014-15</u>. On regular budget, environment fund and trust funds combined, the recurrent administrative and programme support costs shift from an average of 8.8 to 8.2%.</li> </ul>

## **Principles Sustaining the Draft Programme of Work and Budget Reviewed by CPR and ACABQ in October/November 2012**

The submission calls for increased, more predictable funding, both in RB and voluntary funding, in compliance with the decision by member states.

The proposal was prepared by the Secretariat in consultation with the CPR and submitted to ACABQ on 26 October. It is based on the following principles:

- a restructuring of the core resources of UNEP so that it can better respond to member states' needs and priorities.
- the terms of this new orientation is informed by the clear guidance received from the Rio+20 and "the future we want" – in particular paragraph 88 (a) to (h).
- the instructions from the General Assembly resolution 67/213, itself largely based on the Rio Outcomes.
- priority on enhancing stability of financing rather than significant quantitative increases.

The verbal statement put forward by the UN Controller at the 2nd Committee session of 6 December 2012 that adopted the draft GA resolution on UNEP is fully consistent with the 26 October submission recommended by the CPR except for a significant reduction of the number of posts now proposed to be funded from the UN regular budget.

Indeed, based on further guidance from the UN Department of management, which was itself in contact with Permanent Missions in New York, the draft regular budget section was modified:

- To postpone any resource allocation related to serving the enhanced UNEP governing Bodies (see last paragraphs of this note)
- To reflect stricter staff costing parameters, in particular to avoid residual increases beyond 2015
- To reflect the across-the-board 2.9% regular budget reduction agreed by the UN Secretary General on 24 December.

As a result of this process, the proposed increase of RB-funded staff positions was reduced to 85; and the amount proposed for operational and activities from the regular budget reduced from 10 to 4 million. The overall increase in part IV, Section 14 (Environment) of the proposed UN biennium budget for 2014-15 was reduced from 38 to 34 million. This would result in a total allotment for the biennium of 47.7 million, or 0.88% of the UN Budget.

## **Facts and Figures**

The overall increase in dollar terms between the overall budget now being proposed for 2014-15 and that of 2012-13 is 17 million (or 2.6%).

The regular budget would increase by 34 million, (subject to approval by the GA). A supplementary regular budget allocation will be requested to reflect the impact of governance decisions to be taken at the first universal session of the UNEP governing Body. Details are provided in the last section of this note.

Emphasis is placed on predictability, rather than total volume, of funding: while the proportion of un-earmarked funding (Environment Fund and UN Regular Budget) increases from 209 to 293 million, earmarked funding (excluding GEF, which is also predicted to decrease) is projected to decline from 242 to 202 million. Simultaneously the UNEP Secretariat will, through such measures as joint steering mechanisms and programme support pricing, encourage donors who need to label their funding to UNEP, to increasingly "soften" earmarking.

The need for efficiency gains is reflected in, inter alia, lower overall PSC (from 28 to 23 million, a 18 percent reduction). The UNEP Secretariat will further pursue its policy of executing its Programme of Work through partnerships and outsourcing, increasing the opportunities for joint/common management, supported in particular by guidance and tools offered by the UN Chief Executives Board's the High Level Committee on Management (CEB/HLCM). The cost of UNEP Fund and administration staff in divisions decreases slightly in spite of the overall budget increase and is centralized, facilitating the programming of the corresponding resources directly for the programme of work. Provision is made for services provided by UNON UNOG, ESCAP, and other UN System service providers. Recent measures taken by UNEP to concentrate pay rolling in Nairobi have yielded savings of 600,000 dollars, but a special, one-time provision is foreseen to enable the transition to new accounting standards, IPSAS and the new UN ERP, UMOJA, including, but not limited to clean-up of dormant accounts projects and trust funds; training, and temporary external support.

Simultaneously UNEP strives to diversify its funding base primarily among Governments, but also non-governmental actors; this would be greatly facilitated by amendments to UNEP's financial rules.

Responding to member states' call for UNEP to better responds to countries' needs and priorities, the restructuring of UNEP's financing structure:

- shifts the servicing of UNEP Governing Bodies and the backbone of the UNEP Secretariat from the Environment Fund to the UN Regular Budget, where these costs belong (as per GA resolution 2997 of 1972).
- shifts programme resources from earmarked (and therefore, more donor-driven) resources to the Environment Fund (and softly earmarking akin to the EF), guided by the member states' collective programmatic decisions.
- as a result, the bulk of EF resources shift from investing in staffing and fixed costs (over 70% currently) to funding operations and activities (to more than half of the budget) - an additional amount in excess of 61 million dollars is now budgeted for activities and operations under EF and RB.

The table below summarises the main figures and changes, after the adjustments instructed by New York (following which the regular budget projections were reduced from 50.7 million to 47.7 million for 2014-15):

Budget figures (rounded USD mil.)	2012-13	2014-15	\$ difference
Overall budget (including GEF)	614	631	17
Environment Fund	191	245	54
UN Regular budget	14	47.6	34
Unearmarked	205	292	88
Trust funds and earmarked (excl. GEF)	242	202	-40
Total unearmarked operations and activities (non-staff)	67	130	63
Staffing numbers	2012-13	2014-15	Staff Change
Overall staff (including GEF)	845	854	9
Environment Fund	473	450	-23
UN Regular budget	48	133	85
Unearmarked	521	583	62
Trust funds and earmarked (incl. GEF)	252	202	-50
Staff costs/environment fund budget	64%	49%	

### Compliance with GA RES 67/213 of 21 December 2012

Working under the direction of the Department of Management in NY, UNEP prepared a detailed estimate of the intended uses for the increased RB budget contribution by post, sub-programme, division and location, in which key initiatives were also identified, with the goal of supporting those aspects of the UNEP Secretariat that are necessary to realizing the fundamental mandate of the organization, along the lines articulated at the Rio+20 conference. The Regular Budget allocations are based on strengthening UNEP in accordance with paragraphs 88 and 89 of the GA outcome, to:

- ✓ fulfill its coordination mandate within the United Nations system by strengthening UNEP engagement in key United Nations coordination bodies and empowering UNEP to lead efforts to formulate United Nations system-wide strategies on the environment (para. 88 (c));

- ✓ strengthen the scientific basis for UNEP's work (para. 88 (d));
- ✓ strengthen UNEP's cooperation with the MEAs (para. 89)
- ✓ strengthen the regional presence and implementation functions (capacity building and technology transfer).
- ✓ disseminate and share environmental information (para. 88 (e)), and enhance active participation of Major Groups (para. 88 (h)).
- ✓ strengthen UNEP's quality control and delivery capability which will include its coordination efforts, administrative services oversight, within its sub-programmes and delivery at a regional level.

Details are provided below in relation to the impact on staffing on RB (latest table attached). Almost 80% of posts newly charged to the RB are located in regional offices and NYO) is reflected, showing relevance for direct support to countries and interagency coordination. 59 of the requested 85 additional Regular Budget posts are allocated to the Regional Offices to strengthen UNEP's strategic presence and delivery in the regions, in part through the DRC budget, and mostly through dedicated staff of other divisions posted in the ROs. MEA focal points double up as regional coordinators for the corresponding sub-programme. All other positions contribute to the consolidation of UNEP Headquarters in Nairobi.

### System-wide Coordination

Posts were identified to support UNEP's coordination mandate within the United Nations system and, in so doing, to catalyse environmental work UN system-wide (para. 88 (c)). Specifically, the Regular Budget increase proposal places an ASG at the head of UNEP's liaison office in New York to provide the political stature necessary to bring UNEP's convening power to all levels of discussion in the UN Headquarters and at the United Nations Environmental Management Group (EMG). Other New York office posts include a liaison office director at the D-1 level, supported by a senior programme officer, to manage the office and basic secretariat of the EMG. These staff will provide the core manpower necessary to maximize UNEP's role as convener of the EMG and take full advantage of existing UN coordination mechanisms. Regional Offices are also systematically strengthened in this regard, with dedicated staff, recognizing that the UN coordination system is also focused on country and regional levels (see below).

### Essential Expertise and Strategic Presence

The Regular Budget proposal includes staff essential to the design and delivery of UNEP's normative work, including division directors and all subprogramme coordinators. The proposal also strengthens UNEP's ability to catalyse the integration of its normative work on the ground. This substantive work must be rooted in solid substantive organisational expertise in the regions. These staff include legal, scientific and other substantive programme officers in every regional office of UNEP to provide greater responsiveness and support to member states seeking capacity building and technology access support. Stable, RB financing of regional director posts ensure the overall functioning and strategic leadership in the regions. Finally, UN coordination programme officers placed in every regional office that serves developing countries will enable UNEP to contribute more robustly within UN country teams and work with governments seeking to integrate environmental considerations into country development strategies and humanitarian and

peace-building assistance efforts. A particularly valuable role these programme officers can play, particularly those focusing on law, ecosystems management and chemicals and wastes, will be to catalyse UN system-wide reinforcement of the implementation efforts of the MEA parties.

### Science-policy Interface

This proposal sets activity money aside and finances staff to strengthen UNEP's leadership at the science-policy interface (para. 88 (d)), particularly: (i) to transform the way in which UNEP conducts its assessment programme by resourcing GEO and "UNEP Live"; (ii) to deepen UNEP's integration of environmental science throughout the UN system; (iii) to broaden UNEP's work at the regional level.

The Regular Budget increase would also provide for the basic scientific staff in UNEP required in order to carry out the ambitious science-policy agenda, while the Environment fund will be able as a consequence to focus more resources on country level capacity building. A chief scientist will provide the intellectual guidance in UNEP on scientific programming and quality control. A GEO coordinator will lead the effort to transform the GEO process. In addition, each regional office will have a program officer dedicated to the regional implementation of the science-policy interface component of UNEP's programme of work.

### Outreach and Engagement

Posts were included for disseminating and sharing environmental information (para. 88 (e)), as well as for enhancing the active participation of major groups in UNEP activities and fora (para. 88 (h)). The proposal includes funding for the backbone of UNEP's public information team: a director for the communication and public information, and an information officer in UNEP headquarters, as well as information officers in each UNEP regional office, a senior programme officer in charge of outreach to major groups and stakeholders, as well as a senior gender advisor.

### Internal Accountability

The Regular Budget proposal includes posts in the UNEP Office for Operations, including a chief operating officer, an administrative officer, a chief of finance; and, in the Evaluation Office, a Chief evaluation officer at the level recommended for UNEP by the UN Evaluation Group. While internal oversight and accountability are strengthened, the resources requested for programme support actually diminish proportionally from 8.5 to 5.3% (only two posts out of 85 are proposed for finance and admin support) as UNEP further intensifies its efforts to secure cost-effective administrative services through the UN System.

### Servicing and enhanced UNEP Governance

In spite of the fact that the first universal session of the UNEP Governing Body will take place in 2013, with immediate costs implications, UNEP did not put forward a request for supplementary regular budget funding for the 2012-13 biennium. Instead, the Secretary General is expected to submit a supplementary request to the proposed budget that would finance additional costs associated with the servicing of UNEP's new Governing Body including its subsidiary bodies. As explained in the oral statement to the Second

Committee, these costs have not been included in the current Regular Budget proposal, as the UNEP Governing Body has yet to take key decisions, such as on the frequency of its meetings, as well as on other measures to strengthen its governance and its responsiveness and accountability to member states, that will determine financial needs associated with the upgrading and strengthened governance of UNEP. UNEP intends to propose to include in the supplementary Regular Budget request the Chief of the SGB, at the D-1 level, as well as 5 local support staff posts currently paid on the Environment Fund.

The supplementary Regular Budget request will also include resources to ensure, through the more stable funding of the Regular Budget, the participation of certain categories of developing countries in the UNEP Governing Body “to strengthen [UNEP’s] governance, as well as other costs of servicing the Governing Body and any subsidiary bodies.”, as well as additional resources that UNON/DGACM may require to service the enhanced logistical requirements of an upgraded UNEP.