

OPENING REMARKS

Dear ministers, I am pleased to welcome you to this information session on the development of the UNFCCC budget 2018-2019.

This session is the second in a dialogue I have initiated with a view to building a UNFCCC budget that is grounded in a common understanding of what we want to achieve in the coming biennium. This will be YOUR budget.

I have invited you to this session to further elaborate on my thinking on the budget and seek your views, building on the presentation I gave at the informal consultations in Rabat in early September.

With the conclusion of the Paris Agreement last year, and now the certainty of its entry into force this year, we face an enormous challenge. You all agreed in Paris to take on a historic task over the coming years and decades. We all want and urgently need to make the Paris Agreement a reality.

At the same time, governments around the globe face severe financial constraints and need to make prudent use of the resources entrusted to them.

This calls for us to redouble our efforts to look hard at what we want to achieve and how the secretariat can help do this in the most efficient manner possible.

With that let me briefly summarize some central assumptions on future core focus areas of our work.

SLIDE 2

- ❑ **We need to act on climate change to ensure sustainable development and human wellbeing.** Action on climate change is fundamental to achieve sustainable development at large. Efforts on both front cannot be pursued in isolation but must be well integrated.
- ❑ I therefore see a **deep synergy between the Paris Agreement and the SDGs.** Through the Paris Agreement and the 2030 Agenda for Sustainable Development, we have an integrated global vision for the future. This unity of purpose will now need to leverage universal action.

- ❑ **Business as usual will not deliver** given the challenge ahead. **A profound structural transformation is needed.** Key to the transformation will be the way national governments integrate climate action and SDG implementation across sectors and ministries.
- ❑ In light of the magnitude of the task, **rapid climate action and implementation of the Paris Agreement are of the essence.** This is our task at hand. While the negotiations towards this agreement have required a significant effort, implementation of it will require a completely different scale of joint efforts.
- ❑ It also requires a re-orientation of the work of the secretariat to support implementation and climate action, **not as an executing agency** helping implementation on the ground (such as UNEP, UNDP and others) but rather as an **enabler of implementation.**

What does that mean for UNFCCC as a global forum and for the role of secretariat to support work under the Convention, its Kyoto Protocol and the Paris Agreement?

SLIDE 3

UNFCCC will remain the central forum to provide UN system leadership and to assist parties and other stakeholders in the transformation towards a climate-resilient world. To achieve this, I would summarize the **core functions** of the secretariat as follows:

- ❑ An immediate task at hand is to **develop the rule book of the Paris Agreement.** We do have the overarching structure. Now we need to put flesh to it to enable implementation.
- ❑ We need to swiftly **implement the Paris Agreement,** building on the architecture under the Convention and learning from experiences under the Kyoto Protocol. Nationally determined contributions (NDCs) and the National Adaptation Plans (NAPs) need to be turned into actions, policy interventions and investment plans.
- ❑ At the same time, we need the engagement of stakeholders beyond the level of national governments. Effective climate action will require the commitments from many non-Party actors. As a secretariat we can add value **by connecting stakeholders and sharing information on efforts and best practices.**

- ❑ Looking at the role of UNFCCC in the context of the United Nations, the secretariat needs to strengthen its ties with relevant agencies of the UN system to more effectively support governments in **integrating climate action with Sustainable Development Goals**
- ❑ All these efforts need to be underpinned by reliable and **authoritative data and information** on GHG emissions and governments' efforts on mitigation, adaptation and financial support. The secretariat has played, and will continue to play, an important role in managing such information.

The left hand side of the circle on this slide comprises functions which have made up the bread and butter of secretariat support throughout its history. The Paris Agreement is new but developing its rule book and building the institutional architecture around it is along the lines of support the secretariat has provided over time in relation to the Convention and its Kyoto Protocol.

While these traditional domains of work are not new, they do present a formidable challenge in terms of implementation of new institutions and processes.

The right hand side of the circle outlines areas where more needs to be done to make the Paris Agreement a reality and do so in the broader context of the 2030 Agenda. It relates to the imperative for all of us to catalyze climate action and to integrate that action into the broader framework of the SDGs.

Let me turn to the approach to the UNFCCC budget in light of what I said so far.

SLIDE 4

- ❑ In developing the new budget, the **secretariat is poised to absorb a number of new activities from Paris**. In fact, the secretariat is already doing this. Support to the APA, the new ad-hoc working group established by the Paris Agreement, and the CMA is absorbed by existing core resources. To the extent possible, the secretariat will also absorb much of the technical work related to the development of the Paris “rule book”.

- ❑ In order to be able to do this, we need to seek efficiencies and synergy in the **use of secretariat capacity and skill sets**. A new **clustering of work streams** and much enhanced coordination of secretariat resources across organizational boundaries will help achieve this.
- ❑ However, we all need to shift our mindset to approach historical mandates with a fresh mind. We need to **identify areas of work where efforts can be minimized or streamlined to support priorities under the Paris Agreement**.

SLIDE 5

Speaking of resources, I think it is important for us to acknowledge the funding reality.

- ❑ While there has been an increase in core funding between 2010 and 2014, **voluntary contributions have been continuously declining since 2010**.
- ❑ In addition, **there was no increase in core funding in the current biennium compared to 2014/15**.
- ❑ The net effect is that **since 2012, combined core and supplementary resources have stagnated**. If the downward trend in voluntary contributions continues, the secretariat is likely to have less funding available this biennium than in the last biennium
- ❑ Responding to the decline in carbon markets and in efforts to increase cost efficiency of our ICT operations, the secretariat has reduced its staff pool from about 500 to 430 over the past two years.
- ❑ These developments are in contrast to a **significant growth of work**. To illustrate this with just two examples from two central areas of support:
 - Under the MRV regime (Measuring, Reporting and Verification), there has been a steep increase in support requirements. In 2016 alone, we had more events related to review and analysis processes than in the whole previous biennium.
 - In the area of Adaptation, meetings, events and outputs related to the work of the Adaptation Committee almost doubled between 2014 and 2016.

- ❑ And as we move into implementation of the Paris Agreement, there is more work ahead.

SLIDE 6

- ❑ **Nationally Determined Contributions (NDCs):** This is a key area of work, which the secretariat supports on the one hand through the management and processing of information. In addition, we can and should do more in future to catalyze enhanced access to support for and implementation of NDCs by developing partnerships with relevant actors and helping them to connect, including international organizations, national governments and other stakeholders.
- ❑ The operation of the **MRV framework for both developed and developing countries** is another area which will require significant resources in 2018-2019. As briefly indicated in relation to the previous slide the secretariat already experiences sizable resource problems with the implementation of MRV processes, and related resource requirements are likely to continue to increase.
- ❑ **Adaptation:** Adequate and predictable support for adaptation work streams is a necessary condition for the success of the Paris Agreement. Insufficient financial resources to related secretariat support, including for the work on Loss and Damage and support to the Adaptation Committee, will mean that the priorities of a large number of Parties cannot be adequately addressed in the post-Paris world.
- ❑ **Capacity-Building:** The Paris Agreement stipulates to enhance the capacity and ability of developing country Parties, in particular countries with the least capacity, to take effective climate change action. The newly established Paris Committee on Capacity-Building (PCCB) will play an important role in this regard and will require adequate funding.
- ❑ **Finance:** Enabling effective financial support to developing countries is another critical issue, which the secretariat will need to support. In this area, additional resources will be needed to support the tracking and transparency of support for means of implementation as specified in the Paris Agreement.

- ❑ **Climate action, outreach and communication:** Swift and ambitious climate action will be key in the years ahead. Non-Party Actors have a crucial role to play in this regard, and we will need to do more to promote climate action by connecting stakeholders and sharing information on efforts and best practices. We also need to foster synergy and integration of climate action with Sustainable Development Goals. These areas will require more effective outreach and communication on related activities.

SLIDE 7

- ❑ In concluding my presentation, let me reiterate that the **secretariat will continue to make every effort to absorb and increase cost efficiency**. However, we need to focus our efforts and resources to those activities that are critical to achieving the objective of the Paris Agreement.
- ❑ This will require **prioritization or streamlining of existing mandates that may not require the same level of support as in previous years**. We will need to embark on a systematic exercise in this regard, with **input from all Parties**.
- ❑ I will present one integrated budget for the Convention and the Paris Agreement.
- ❑ As mandated by Parties, I will include in the official budget submission a **zero nominal growth scenario**. However, I also want to be clear that **under a zero growth scenario the secretariat will not be able to deliver on key mandated activities as it should**.
- ❑ Therefore, I also intend to present a **scenario including a moderate budget increase to adequately reflect the resources required in the post-Paris reality**. I am not in a position at this stage to give you a percentage figure for the increase that I think will be necessary. I can reassure you, however, that we will develop this scenario very much with financial constraints of governments around the globe in mind.

CONCLUDING REMARKS

With that I would like to conclude my presentation. I am happy to receive any initial reactions or questions you may have at this stage.

I will continue this dialogue at the COP in Marrakech to help you build YOUR budget for 2018-19.

In the spirit of enhanced transparency, this presentation will again be made available on the dedicated secretariat web site we created specifically for the development of the 2018-2019 budget. Parties are encouraged to check the information made available on this web site and provide feedback at any point in time.

Thank you.