



Presentation by the Executive Secretary
At the Contact Group meeting on the proposed Programme Budget 2018-19
46th session of the SBI
8 May 2017

Dear delegates,

First, let me thank all Parties for their active engagement in the preparation of the budget proposal. The feedback received has been extremely helpful.

This budget is crucial. It will be the first budget to incorporate the Paris Agreement.

Allow me to underline this point: the current budget – the budget that was in place at the time of the adoption and entry into force of the Paris Agreement – does not include any resources for the implementation of the Paris Agreement.

It is therefore important that the 2018-2019 budget reflects both:

- i. On-going activities under the Convention and the Kyoto Protocol, and
- ii. The work programme of the Paris Agreement.

This is a tremendous challenge. While on the one hand the work to be done in 2018-19 is extremely ambitious, many governments - and the secretariat as well - are operating under severe financial constraints.

In developing the budget proposal, these considerations have been taken into account. Of course there are difficult decisions to be made – the reduction of the contribution to the IPCC being a clear case. But I truly feel this is a prudent and balanced budget proposal that responds to the needs of **all** Parties.

Slide 2 (Overview of trust funds)

Before I elaborate on details of the budget proposal, let me explain the various funding sources for work of the UNFCCC and how these relate to the programme budget.

The work of the UNFCCC is funded from six different trust funds. These are:

- i. The Core Budget of the UNFCCC, financed from indicative contributions by Parties;



- ii. The fund for Supplementary Activities, financed from voluntary contributions to fund activities not covered by the core budget;
- iii. The Clean Development Mechanism fund, financed from fees charged for registration of projects and issuance of certificates to operate, support and implement the CDM;
- iv. The fund for the International Transactions Log, financed from indicative contributions (or general purpose contributions from donors) which funds the proper functioning of the ITL infrastructure; and
- v. The fund for Participation in the UNFCCC Process, financed from voluntary contributions to fund the travel of delegates from eligible Parties to participate in sessions;
- vi. The Special Annual Contribution from the Government of Germany, financed from an additional voluntary contribution primarily supporting conferences and other meetings in Bonn, Germany.

What we need to focus on in our budget discussions in this session of the SBI is the core budget, which needs to be approved by the Conference of the Parties.

I would like to clarify in this context that resources for participation of delegates from eligible Parties have always been allocated through a separate Trust Fund – the Trust Fund for Participation based on voluntary contributions. I understand that some issues have been raised in relation to the funding of participation for eligible Parties. Let me say that these issues are not part of the programme budget 2018-19.

Let me now present key elements of the proposed budget.

As you know, with the entry into force of the Paris Agreement, we move firmly into a new era of enhanced implementation. Building on the foundations of the Convention and its Kyoto Protocol, the budget therefore incorporates urgent support needs emerging from the Agreement while at the same time allowing for on-going activities under the Convention and the Kyoto Protocol.

Against this background, the proposed budget is framed around three broad areas of work, which can be summarized in short-hand as:

1. Support to the intergovernmental process
2. Support to Parties on implementation
3. Support to climate action

I will go into more detail on the kind of support provided by the secretariat and how these will be enhanced under the proposed budget.



Slide 3 (Support to the intergovernmental process)

1. The first area of work relates to the **support provided to the intergovernmental process and the important task of completing the Paris Agreement work programme.**

Building on the Convention and its Kyoto Protocol, and work undertaken through relevant institutions, bodies and mechanisms, the secretariat provides support to Parties on an ongoing basis.

To name just a few examples, the secretariat:

- Provides substantive support to the negotiation over 280 agenda items and sub-items
- Provides organizational and technical support to over 20 mandated events, including inter-sessional workshops, TEMS, Multilateral Assessments and Facilitative Sharing of Views
- Prepares and processes over 270 documents per annum
- Organizes around 80 conferences, workshops and events throughout the year.

Slide 4 (Support to constituted bodies)

This area also includes support to the constituted bodies, which have grown to a total of 10 bodies over the years and require technical and logistical support throughout the year.

Much of that work emanates from mandates under the Convention and the Kyoto Protocol.

Slide 5 (Mandates 1/CP.21)

With regard to the completion of the Paris Agreement work programme, decision 1/CP.21 contains numerous additional mandates for the secretariat; some are totally new while others build on existing mandates under the Convention and the Kyoto Protocol. Completion of these tasks is critical for the operationalization of the Paris Agreement. Some examples of these are work related to:

- The development of the enhanced transparency framework
- Nationally Determined Contributions and the related registry
- Forum on response measures



- Adaptation communications, and recognition of adaptation efforts
- A clearing house for risk transfer
- The Paris Committee on Capacity-building, and
- The Global stock take

2. With that let me come to the second important area of work. The successful intergovernmental process is not enough to achieve the transformation we need in order to realize the purpose of the Paris Agreement. Our collective work will be judged by the real results that we are able to achieve in this transformation. For that, the secretariat needs to **assist countries so that they can implement their commitments by turning NDCs and national adaptation plans into actions, policies and investment plans**. We will need to do this urgently to be able to start showing progress in 2018, and later in 2023.

I realize there are concerns about the secretariat role in helping Parties with their implementation efforts. Let me reassure you that there is no intention for the secretariat to become an “implementing agency”. There are others who will do this. But the secretariat has specific expertise that can help connect Parties to relevant partners. In addition, we are responsible for the follow-up of the Convention, the KP and the Paris Agreement and have the obligation to report on progress made.

To assist Parties in their efforts, the secretariat will provide support in different ways and at different levels, according to the needs of the Parties. Some of these activities will be in continuation of existing support mandates.

Again, let me give you some examples:

Slide 6 (Support to Parties)

Secretariat work in support of implementation efforts by Parties relate to:

- Technology Needs Assessments (TNAs)
- National Adaptation Plans (NAPs)
- Capacity building for MRV and Transparency, and
- Capacity building for Nationally Determined Contributions (NDCs)



Examples include, for instance:

- Collaboration with UNEP and CTCN in organizing regional workshops and in providing technical and procedural advice on implementing technology projects and action plans
- Preparation of training materials and other publications and organizing training workshops in support of NAPs. Six such training workshops were conducted in 2014-15 for African and Asian countries, Pacific LDCs and other developing countries providing training to a total of 295 participants from 88 countries
- Support to the NDC partnership initiative currently supporting Bangladesh, Burundi, Chile, Colombia, Costa Rica, Ghana, Ivory Coast, Indonesia, Kyrgyz Republic, Marshall Islands, Mali, Mongolia, Morocco, Pakistan, Panama, Peru, Sao Tome and Principe, Saint Lucia, Tunisia, Uganda, Vietnam, Zimbabwe and Zambia.

Going forward and building on these efforts, I believe it is important that the secretariat enhances its capacity to provide targeted support to national efforts, again, not by doing the work of others on the ground but by providing relevant information and connecting Parties with relevant partners.

3. Finally, a third area of work we must strengthen is the **catalytic role of the Convention in engaging ALL actors**, including relevant United Nations entities, so that they can more effectively support Parties in their climate change and development objectives.

This is a growing area of work which will be essential in the global effort to reduce emissions, build resilience, increase adaptive capabilities and mobilize adequate resources.

To support this important work effectively the secretariat will need to enhance coordination across related work programmes, facilitate focused engagement by the High-Level Champions in mobilizing actors, and ensure better promotion of the outcomes achieved.

Under the proposed budget, the secretariat will support it through a number of activities, including:

- i. Providing substantive inputs, technical assistance and advice for enhanced implementation of actions;
- ii. Connecting stakeholders;



- iii. Showcasing success stories, and
- iv. Sharing information on efforts and best practices.

Slide 7 (Samples of programme fact sheets and web address for supplementary information)

On our website, we have published detailed information on the range of activities the secretariat covers in all of the three areas of work, by programme and thematic areas. I encourage you to take a closer look at this information.

Now, let me move to my budget proposal.

Slide 8 (Enhanced delivery)

The proposed budget is designed to enhance delivery in the areas of work I have just outlined, in particular those related to implementation. To be concrete:

1. The proposed budget foresees strengthened technical support to the constituted bodies so that they can implement their work plans. Such support would be provided, in particular, to:
 - i. The Adaptation Committee (AC), the Least Developed Countries Expert Group (LEG) and the Executive Committee of the Warsaw International Mechanism for Loss and Damage to assist Parties in formulating and implementing NAPs and the methodological underpinning of adaptation provisions under the Paris Agreement;
 - ii. The Standing Committee on Finance (SCF) in preparing the biennial assessment and overview of climate finance flows;
 - iii. The Technology Executive Committee (TEC) in developing methodological guidance on needs assessments of developing countries related to the implementation of their NDCs and NAPs, as well as analytical work on technology action plans;
 - iv. The Paris Committee on Capacity-building (PCCB) in addressing gaps and needs, both current and emerging, in implementing capacity-building in developing countries.
2. The budget proposal also foresees core funding for up to three meetings per biennium of the constituted bodies, as appropriate.
3. Another important domain for which the budget proposal envisages enhanced capacity support to the implementation of the MRV framework and the enhanced transparency framework under Paris Agreement.



4. This includes technical support to in-depth reviews of national communications and biennial reports by developed countries as well as biennial update reports from developing country Parties, and enhancing training for experts engaged in various MRV processes.
5. Regarding assistance to Parties in the preparation and implementation of NDCs and NAPs, the proposed budget includes strengthening the technical support provided to Parties in their preparation, communication and implementation of NDCs.
6. Last but not least, the budget proposal also envisages enhancing mobilization of public and private actors and collaboration with relevant United Nations entities to assist implementation by Parties.

I would like to note here that core resources allocated to mobilization of actors are limited to one staff in order to ensure continuity and better coordination with other mandated activities.

Slide 9 (Proposed budget)

Now, how does this translate into numbers. In order to provide enhanced delivery of support to Parties as just outlined, the budget proposal includes a modest increase of 7.9% (or EUR 4.3 million) in core resources, with the core budget amounting to a total of EUR 58.9 million.

Having said that the secretariat staff pool funded from core remains lean, with a proposed net increase of merely 2%. The proposed enhancement of staff capacity targets the areas which directly support the work outlined above, in particular in relation to:

- i. Adaptation: to support activities related to the implementation of the workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage;
- ii. Mitigation: to support NDC implementation;
- iii. Finance: to support activities related, inter alia, to the PCCB; and
- iv. Enhancing mobilization of actors and collaboration with relevant United Nations entities.

With this in mind, I believe the proposed increase under the core budget is reasonable. I should also add that the 7.9% nominal growth translates into a lower real growth for the secretariat due to technical changes in assumptions on staff costs as approved by the General Assembly in 2015.

It is important to note that, even with that modest increase, a significant number of critical mandated activities will require supplementary funding to be covered adequately.



Estimated funding requirements under supplementary amount to EUR 52.9 million. However, a significant portion of this amount will be sought from non-Party stakeholders so that the estimated net funding sought from Parties amounts to EUR 42.9 million.

Slide 10 (Nominal zero growth scenario)

Having said all of the above, you asked the secretariat to include in the budget proposal a zero nominal growth scenario, which I have done.

Under a zero nominal growth budget, amounting to about EUR 54.6 million, the secretariat would make every effort to maintain the level of services as much as possible. However, it is my responsibility to say that in a zero growth scenario, the secretariat will not be able to deliver on many of the key areas of work mentioned.

Overall, critical work would be more dependent on supplementary funding and therefore cannot be assured. To provide a few examples of the expected impact of a zero growth budget:

1. Substantive support to the work of some of the constituted bodies would be affected. Fewer resources for supporting the bodies would impact on their work plans to differing degrees.
2. The operations of the constituted bodies would also suffer, with only two meetings covered by the core budget for each constituted body during the biennium.
3. In relation to support to the implementation and further development of the MRV regime, a number of limitations would apply under zero growth, including in relation to support to the technical reviews of GHG inventories from Annex I Parties, and technical in-depth reviews of national communications and biennial reports from developed country Parties; and analyses of biennial update reports from developing country Parties, as part of the international consultation and analysis process.
4. The ability of the secretariat to catalyse and coordinate support for countries, to promote stronger engagement of other United Nations entities as well as support to the high-level champions would be minimal.

In considering the implications of a zero nominal growth, I call on you to take into consideration the fact that the secretariat has already made important efforts to absorb new activities.

Activities absorbed within existing resources include, for instance:

- i. Servicing the APA and the CMA;



- ii. Support to an increased level of technical issues considered under the constituted bodies;
- iii. Work related to the MRV regime; and
- iv. Preparations for the 2018 facilitative dialogue.

Those are just a few to examples to illustrate that the secretariat is already operating under serious resource constraints.

This situation has been further affected by a tendency over the years for voluntary contributions to decline, when under a zero growth scenario we would need to rely more on supplementary funding, with estimated requirements under supplementary of about EUR 53.5 million, or in terms of net funding sought from Parties, about EUR 44.2 million.

Without sufficient supplementary funding coming forward, there would be limits to what the secretariat can absorb without jeopardizing the results.

I have made arrangements for representatives of all programmes of the secretariat to be available to you for further clarifications. My team and I remain at your disposal.

I thank you very much.