

## **IV. Proposed budget**

47. This section presents the core budget for the biennium 2018–2019 as proposed by the Executive Secretary:

(a) By cluster (chapter IV.A below);

(b) By commitment item as compared with the biennium 2016–2017 (chapter IV.B below);

(c) On a programme basis as compared with the biennium 2016–2017 (chapter IV.C below).

48. The budget as proposed by the Executive Secretary is designed to enable more effective implementation of the decisions taken by the UNFCCC governing bodies, in line with the vision, priorities and objectives outlined in chapter III above.

49. The resource requirements under the core budget as outlined in this chapter need to be read in conjunction with the supplementary resource requirements in chapter V below and

annex I, as the core budget alone will not address the whole range of secretariat activities required for full and effective support to Parties. The core budget presented here represents an enhanced delivery scenario.<sup>14</sup>

50. The enhanced delivery scenario presented here provides for an increase in core budget provisions with a related decrease in anticipated requirements for supplementary funding. Overall, the secretariat has made significant efforts to **adjust capacity to allow for absorption of additional work as well as cutting or downscaling certain activities**. This includes the following measures:

(a) Efforts to absorb new activities within existing resources and enhance the efficiency and effectiveness of secretariat operations. Examples include: the absorption of support of two additional bodies (the CMA and the APA); increased work related to technical support of the work under the subsidiary bodies arising from the Paris Agreement and related decisions; increased work in the area of MRV support; and support of the preparations for the 2018 facilitative dialogue;

(b) Reassignment of posts, such as the current post at the D-1 level in the Executive Direction and Management programme, to enable sustainable funding for the Director of Communications position in the Communications and Outreach programme, effectively leading to an overall reduction in the number of positions at the D-1 level as the position of Director of Communications will not continue to be funded under the Trust Fund for Supplementary Activities; and redistribution of existing work;

(c) Adjustments to better reflect needs in the post-Paris era. This concerns, for example, the number of individual reviews of greenhouse gas (GHG) inventories from Parties included in Annex I to the Convention (Annex I Parties), which in the present budget proposal has been reduced to 22 funded from the core budget annually (compared with 44 annually in the 2016–2017 biennium);<sup>15</sup>

(d) Reduction of expenditures that are difficult to justify in the face of severe resource constraints. This includes eliminating the contributions to the Intergovernmental Panel on Climate Change (IPCC), which were traditionally included in the core budget, but for which the secretariat deems that direct payments to this body would be more in line with common practice;

(e) A thorough review of projects proposed for supplementary funding to increase the focus on activities that are in line with the priorities identified in chapter III above.

51. The efficiencies envisioned through the measures referred to in paragraph 50 above have been used to strengthen the secretariat's capacity in areas of work related to the priorities outlined in chapter III.C above. However, these measures in themselves are not sufficient. In order to enhance delivery at the level required by decision 1/CP.21, the proposed budget foresees an overall increase of six posts. At the same time, two posts included in the staffing table will remain frozen, leading to a net increase of four staff (an increase in the core staffing level of 2 per cent) funded from the core budget to support enhanced delivery in priority areas. For details of key changes regarding core staff, see paragraph 64 below.

<sup>14</sup> A zero growth scenario, as requested by Parties, including the activities that such a budget would be able to support, is presented in annex III.

<sup>15</sup> While inventory submissions remain annual and technical reviews of the GHG inventories submitted by Annex I Parties are to be implemented every year for every Party involved, the core budget contains provision to support the individual reviews of these inventories and the related supplementary information under the Kyoto Protocol only once per Party per biennium. Additional individual reviews can be carried out if supported through supplementary funding. However, it might be argued that after over 20 years, further improvements to inventories attributable to annual reviews add little value and do not justify the high costs associated with this effort.

52. Overall, the measures outlined in paragraphs 50 and 51 above aim to contribute to **enhanced delivery capacity** in the following areas:

(a) Ensuring the provision of technical support to the constituted bodies so that they can implement their expanding workplans as originally envisaged (instead of partial, reduced or delayed implementation, as would be the case with the zero growth scenario). Such support would be provided 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 associated with Climate Change Impacts on the process to formulate and implement 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 technology needs assessments of developing countries related to the implementation of their NDCs and NAPs, and 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 country Parties and further enhancing capacity-building efforts, as identified in its 2016–2020 workplan;

(b) Providing sustainable support through core resources for three meetings per biennium of each of the following bodies: the AC, the TEC, the SCF, the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention (CGE), the Executive Committee of the Warsaw International Mechanism for Loss and Damage, the Compliance Committee of the Kyoto Protocol and the LEG; while voluntary contributions will need to finance any additional meetings;<sup>16</sup>

(c) Strengthening the technical support provided to Parties in their preparation, communication and implementation of NDCs, and preparing analyses and technical documentation in support of related activities, including the dialogues and partnerships;

(d) Supporting the implementation of the MRV framework and its transition to the transparency framework under the Paris Agreement, in particular by:

(i) Supporting technical in-depth reviews of national communications and biennial reports once per biennium per developed country Party, similar to the approach used in 2016–2017, followed by the related multilateral assessment;

(ii) Conducting up to 36 analyses of biennial update reports from developing country Parties per biennium, followed by the related facilitative sharing of views;

(iii) Organizing two meetings of the lead reviewers for both GHG inventories and national communications and biennial reports from Annex I Parties per biennium;

(iv) Maintaining and enhancing training for experts engaged in various MRV processes, such as those referred to in paragraph 52(d)(i–iii) above;

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<sup>16</sup> The terms of reference of the PCCB contained in the annex to decision 2/CP.22 provide for an annual in-session meeting. Sustainable support through core resources for this meeting is included in the proposed budget.

- (v) Supporting the participation of experts in up to 16 technical assessments under REDD-plus<sup>17</sup> per biennium;
- (e) Strengthening the support to the activities of the ad hoc technical expert groups on response measures, including the development of a training programme and the preparation of technical papers and guidelines;
- (f) Enhancing mobilization of public and private actors and collaboration with relevant United Nations entities to assist implementation by Parties at the national level, including in relation to delivery of and access to climate finance and technology and the building of lasting partnerships;
- (g) A more coherent approach to the engagement of a broad range of stakeholders and the showcasing of their climate action as an important complement to Party action on implementation.

## A. Proposed core budget by cluster

53. The core budget for the biennium 2018–2019 is proposed for approval as shown in table 1 with three appropriation lines:

- (a) Executive Direction and Management programme;
- (b) Implementation and climate action cluster;<sup>18</sup>
- (c) Intergovernmental affairs and secretariat operations cluster.<sup>19</sup>

54. The change in appropriation lines at programme level to those at cluster level is a direct reflection of the need to enable a more agile and efficient use of resources across the programmes of a cluster with ultimate accountability resting with the Executive Secretary, her deputy and senior directors. No major change in the programme structure is planned.

55. Table 1 summarizes the proposed core budget by cluster for 2018 and 2019 and the expected sources of income.

Table 1

### Proposed core budget for 2018–2019 by programme/cluster

	2018 (EUR)	2019 (EUR)	Total (EUR)
A. Appropriations			
Executive Direction and Management	1 490 010	1 490 010	2 980 020
Implementation and climate action	14 773 894	14 591 594	29 365 488
Intergovernmental affairs and secretariat operations	9 802 798	9 899 720	19 702 518
<b>Expenditures</b>	<b>26 066 702</b>	<b>25 981 324</b>	<b>52 048 026</b>

<sup>17</sup> In decision 1/CP.16, paragraph 70, the COP encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

<sup>18</sup> The implementation and climate action cluster will include the following programmes: Mitigation, Data and analysis; Adaptation; Finance, Technology and Capacity-building; and Sustainable Development Mechanisms.

<sup>19</sup> The intergovernmental affairs and secretariat operations cluster will include the following programmes: Legal Affairs; Conference Affairs Services; Communication and Outreach; Administrative Services; and Information and Communication Technology.

	2018 (EUR)	2019 (EUR)	Total (EUR)
B. Programme support costs (overheads) <sup>a</sup>	3 388 671	3 377 572	6 766 243
C. Adjustment to working capital reserve <sup>b</sup>	175 278	-	175 278
<b>Total (A + B + C)</b>	<b>29 630 651</b>	<b>29 358 896</b>	<b>58 989 547</b>
Income			
Contribution from the Host Government	766 938	766 938	1 533 876
Indicative contributions	28 863 713	28 591 958	57 455 671
<b>Total income</b>	<b>29 630 651</b>	<b>29 358 896</b>	<b>58 989 547</b>

<sup>a</sup> Standard 13 per cent applied for administrative support. See annex VI to this document.

<sup>b</sup> In accordance with the financial procedures (decision 15/CP.1), the core budget is required to maintain a working capital reserve of 8.3 per cent (one month of operating requirements).

## B. Proposed core budget by commitment item

56. The principal component of the core budget is staff costs. The Executive Secretary has endeavoured to halt the trend of increasing the share of staff costs in the overall budget by undertaking a particularly rigorous review of the need for existing and new posts and giving preference to provision for non-staff items for mandated activities. The aim has been to reduce costs overall and increase the secretariat's flexibility to respond to changing needs.

57. The net effect has been a reduction in the overall share of staff costs in the proposed core budget. For the biennium 2018–2019, these costs represent 77.0 per cent of the proposed total core programme budget as opposed to 78.2 per cent for the biennium 2016–2017. Other major components include general operating expenses at 7.5 per cent (7.0 per cent in 2016–2017), consultants at 4.2 per cent (3.5 per cent in 2016–2017) and experts at 3.9 per cent (3.8 per cent in 2016–2017).

58. For the biennium 2018–2019, total staff costs are proposed to increase by EUR 2.2 million (5.9 per cent) compared with 2016–2017.<sup>20</sup> This increase is attributable to the net addition of four posts and the adjustment of standard salary costs.

59. The proposed budget for non-staff costs amounts to EUR 11.98 million in the 2018–2019 biennium – an overall increase of approximately EUR 1.42 million compared to the 2016–2017 biennium. This increase is due to additional requirements related to the following cost items:

(a) Consultants, due to the continued expansion of the MRV process, especially in relation to information and data communicated by Parties not included in Annex I to the Convention; expected demand for specific technical work as part of the preparation of the Paris Agreement rule book; other work related to provisions of the Paris Agreement, and work that was previously covered by short-term staff;

(b) Experts, with a rise in expert costs due to the continued support of the implementation of the MRV regime and the increase in the number of meetings of the constituted bodies from two to three in the biennium to be funded from the core budget;

(c) Operating expenses, including supplies and equipment, due to the higher number of meetings of constituted bodies. The amount provided for operating costs has also increased (costs of supplies, materials, equipment and furniture decreased accordingly) as a result of reclassifying expenses for software licences and software applications, maintenance and support as operating expenses in line with the classification used in the United Nations

<sup>20</sup> See annex VIII.

enterprise resource planning tool “Umoja”, introduced at the secretariat in the 2016–2017 biennium.

60. As referred to in paragraph 50(d) above, no provision is made for a grant to the IPCC in the biennium 2018–2019.

61. Table 2 compares the proposed budget for the next biennium with the approved budget for the 2016–2017 biennium by commitment item. It shows a proposed overall increase of the core budget of 7.9 per cent.

Table 2

**Proposed core budget by commitment item**

<i>Commitment item</i>	<i>2016–2017 (EUR)</i>	<i>2018–2019 (EUR)</i>	<i>Difference (%)</i>
Staff costs	37 844 705	40 070 687	5.9
Consultants	1 697 786	2 206 486	30.0
Travel of staff	1 436 256	1 208 451	(15.9)
Experts and expert groups	1 852 926	2 045 420	10.4
General operating expenses	3 392 577	3 888 887	14.6
Supplies, materials, equipment, furniture	1 139 924	1 010 383	(11.4)
Training	392 222	387 672	(1.2)
Contributions to common services	1 195 840	1 230 040	2.9
Grants and contributions (IPCC)	489 510	-	(100.0)
Lump sum adjustment <sup>a</sup>	(1 043 200)	-	100.0
<b>Total core programme budget</b>	<b>48 398 546</b>	<b>52 048 026</b>	<b>7.5</b>
Programme support costs	6 291 811	6 766 243	7.5
Adjustment to working capital reserve <sup>b</sup>	(41 873)	175 278	
<b>Grand total</b>	<b>54 648 484</b>	<b>58 989 547</b>	<b>7.9</b>

*Abbreviation:* IPCC = Intergovernmental Panel on Climate Change.

<sup>a</sup> A lump sum adjustment was made to non-staff costs during the consideration by the Subsidiary Body for Implementation at its forty-second session of the budget for the biennium 2016–2017 to achieve the targeted overall amount.

<sup>b</sup> In accordance with the financial procedures (decision 15/CP.1, annex I, para. 14), the working capital reserve will increase to EUR 2,444,796 in 2018 and will be kept at that level in 2019.

### C. Comparison of the proposed and current budget on a programme basis

62. A comparison of the proposed budget for the biennium 2018–2019 with the approved budget for the biennium 2016–2017 on a programme basis is contained in table 3. The differences are due to the adjustments referred to in paragraph 63 below and the increase in standard salary costs shown in annex VIII. A summary of key changes is provided in paragraph 64 below; further details are provided on the UNFCCC website.<sup>21</sup>

63. The differences between the biennium 2016–2017 and the biennium 2018–2019 on a programme basis as provided in table 3 are due to a combination of:

(a) Adjusting functions and levels of eight posts to reflect new requirements and to enhance efficiency, and reassigning three posts;

<sup>21</sup> [http://unfccc.int/secretariat/unfccc\\_budget/items/9928.php](http://unfccc.int/secretariat/unfccc_budget/items/9928.php).

(b) Adding six new posts while defunding two existing posts in the biennium 2018–2019, resulting in a net change of four posts;

(c) Fully funding two posts that are only being funded at 20 per cent and 25 per cent respectively in the current biennium;

(d) Reducing specific non-staff items in some programmes and increasing some in others.

64. Key changes from the biennium 2016–2017 to 2018–2019 are:

(a) In the Executive Direction and Management programme: the reassignment of resources for the management of the clusters; the increase in travel funds enabling the Executive Secretary to fulfil her outreach responsibilities; the elimination of the funding provision for grants to the IPCC;

(b) Cluster management units:

(i) Receiving existing senior director positions (one from the Sustainable Development Mechanisms programme and the other from the Executive Direction and Management programme), the funding for one of which is to be increased to 100 per cent from 20 per cent in the biennium 2016–2017, plus an assistant position for each of the senior directors;

(ii) One new position to provide managerial oversight of the work on mobilizing public and private actors to address climate change, including support to the climate champions, and to ensure coherence of secretariat support to activities provided for in decision 1/CP.21 in relation to climate action;

(iii) One new position for a secretariat liaison officer at United Nations Headquarters to establish a stronger link with other United Nations entities on United Nations system activities related to climate change and the 2030 Agenda for Sustainable Development, and to facilitate better coordination and consideration of climate change in programmatic work supporting national governments;

(iv) Moving the support to the governing bodies to the intergovernmental affairs and secretariat operations cluster;

(c) In the Mitigation, Data and Analysis programme: one additional post in the Mitigation and Transparency Support subprogramme to support NDC implementation;

(d) In the Finance, Technology and Capacity-building programme: one additional post in the Climate Finance and Capacity-building subprogramme to support activities related, *inter alia*, to the PCCB; and an increase in expert and operational costs to include support of two mandated PCCB meetings;

(e) In the Adaptation programme: one additional post in the Impacts, Vulnerability and Risks subprogramme to support activities related to the implementation of the workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage; and an increase in consultant costs to allow more flexibility in hiring individuals for specialized work;

(f) In the Legal Affairs programme: one post will not be funded during the biennium 2018–2019;

(g) In the Adaptation programme and the Legal Affairs programme: exchanging posts in order to enhance support to the process to formulate and implement NAPs;

(h) In the Conference Affairs Services programme: one additional post for the Observer Organizations Liaison unit; one post will not be funded during the biennium 2018–2019; funds for temporary staff for meetings will be used for consultants for more flexibility;

(i) In the Executive Direction and Management programme and the Communication and Outreach programme: exchanging posts to ensure sustainable funding for the post of Director of Communications and Outreach, thereby eliminating one existing post at the D-1 level currently funded under the Trust Fund for Supplementary Activities;

(j) In the Information and Communication Technology programme: funding for one post will be increased from 25 per cent in the biennium 2016–2017 to 100 per cent in the biennium 2018–2019.

Table 3

**Comparison of the proposed budget for the biennium 2018–2019 with the approved budget for the biennium 2016–2017 on a programme basis**

	2016–2017 (EUR)	2018–2019 (EUR)	Difference (%)
<b>A. Appropriations</b>			
Executive Direction and Management	4 461 724	2 980 020	(33.2)
<b>Implementation and climate action cluster</b>			
Cluster management	-	1 207 600	-
Mitigation, Data and Analysis	15 223 376	16 438 857	8.0
Finance, Technology and Capacity-building	5 464 887	5 866 547	7.3
Adaptation	4 671 964	5 105 760	9.3
Sustainable Development Mechanisms	776 240	746 724	(3.8)
<b>Intergovernmental affairs and secretariat operations cluster</b>			
Cluster management	-	1 257 960	-
Legal Affairs	2 608 910	2 271 564	(12.9)
Conference Affairs Services	3 324 279	3 590 404	8.0
Communications and Outreach	3 069 899	3 438 258	12.0
Information and Communication Technology	5 565 551	5 890 535	5.8
Administrative Services <sup>a</sup>	3 231 716	3 253 797	0.7
<b>Expenditures</b>	<b>48 398 546</b>	<b>52 048 026</b>	<b>7.5</b>
<b>B. Programme support costs (overheads)<sup>a</sup></b>	<b>6 291 811</b>	<b>6 766 243</b>	<b>7.5</b>
<b>C. Adjustment to working capital reserve<sup>b</sup></b>	<b>(41 873)</b>	<b>175 278</b>	<b>-</b>
<b>Total (A + B + C)</b>	<b>54 648 484</b>	<b>58 989 547</b>	<b>7.9</b>
<b>Income</b>			
Contribution from the Host Government	1 533 876	1 533 876	0
Indicative contributions	53 114 608	57 455 671	8.2
<b>Total income</b>	<b>54 648 484</b>	<b>58 989 547</b>	<b>7.9</b>

<sup>a</sup> Standard 13 per cent applied for administrative support. See annex VI to this document.

<sup>b</sup> In accordance with the financial procedures (decision 15/CP.1), the core budget is required to maintain a working capital reserve of 8.3 per cent (one month of operating requirements).

#### **D. Secretariat-wide staffing funded from the core budget**

65. Proposed changes in the budget are also reflected in the staffing table contained in table 4, which compares the 2018 and 2019 posts by grade against the 2017 posts. Overall, the number of posts increases by 6 from 173.5 to 179.5, including one additional post at the



P-2 level, one at P-3, three at P-4 and one at P-5. A total of two existing posts (one P-3, one P-4) are proposed to be unfunded in the biennium 2018–2019 in order to limit the increase in core budget requirements. In addition, a number of posts are proposed to be reassigned among programmes in order to align the staffing with the vision, objectives and priorities outlined in chapter III above.

Table 4  
**Secretariat-wide staffing funded from the core budget**

	2017	2018	2019
Professional category and above <sup>a</sup>			
USG	1	1	1
ASG	1	1	1
D-2	2	2	2
D-1	7	7	7
P-5	15	16	16
P-4	35	38	38
P-3	43	44	44
P-2	16	17	17
<b>Subtotal Professional category and above</b>	<b>120</b>	<b>126<sup>b</sup></b>	<b>126<sup>b</sup></b>
<b>Subtotal General Service category</b>	<b>53.5</b>	<b>53.5</b>	<b>53.5</b>
<b>Total</b>	<b>173.5</b>	<b>179.5</b>	<b>179.5</b>

<sup>a</sup> Under-Secretary-General (USG), Assistant Secretary-General (ASG), Director (D) and Professional (P).

<sup>b</sup> One post at the P-3 level and one at the P-4 level will not be funded in order to partly absorb the increase in actual staff costs.