



United Nations

FCCC/SBI/2017/4



Framework Convention on
Climate Change

Distr.: General
28 February 2017

Original: English

Subsidiary Body for Implementation

Forty-sixth session

Bonn, 8–18 May 2017

Item 16(a) of the provisional agenda

Administrative, financial and institutional matters

Programme budget for the biennium 2018–2019

Proposed programme budget for the biennium 2018–2019

Note by the Executive Secretary

Summary

This document contains the programme budget for the biennium 2018–2019 proposed by the Executive Secretary for consideration by the Subsidiary Body for Implementation at its forty-sixth session, adoption by the Conference of the Parties at its twenty-third session and endorsement by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at the second part of its first session. It should be considered in conjunction with the two addenda to this document, which provide details on the work programme of the secretariat and the corresponding resource requirements, including requirements to be met from supplementary sources, and the budget of the international transaction log, respectively. Additional data and information is available on the UNFCCC website at http://unfccc.int/secretariat/unfccc_budget/items/9928.php.

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I. Executive summary

1. The 2018–2019 UNFCCC budget is inspired by the vision and objectives of the historic Paris Agreement. It is designed to respond to the needs of all governments and help Parties achieve their ambitious objectives in the wake of the Agreement’s rapid entry into force.
2. With the Paris Agreement, Parties move firmly into a new era of implementation. Building on the foundations of the Convention and its Kyoto Protocol, the budget therefore incorporates urgent support needs emerging from the Agreement’s speedy entry into force.
3. Against this background, the proposed budget is framed around the following priorities:
 - (a) The urgent task of completing and operationalizing the Paris Agreement rule book, building on the Convention and its Kyoto Protocol;
 - (b) Continuing support to the implementation of the Convention and its Kyoto Protocol and to the swift implementation of the Paris Agreement with a special focus on turning nationally determined contributions (NDCs) and national adaptation plans (NAPs) into actions, policy interventions and investment plans;
 - (c) Strengthening the catalytic role of the Convention in engaging actors at the national and international level, including relevant United Nations entities, to support Parties more effectively in achieving their climate change and development objectives.
4. To support these priorities, the proposed budget builds on a strict prioritization of activities, the efficient organization of work, and the deployment of limited resources to achieve maximum impact. However, it would be impossible to meet the most urgent challenges arising from the Paris Agreement with a zero growth budget. While such a budget scenario is included in annex III, the budget proposed to Parties foresees a modest but necessary budget increase of 7.9 per cent.
5. The proposed budget specifically aims to enhance delivery capacity in the following areas:
 - (a) Consolidating support to the ongoing negotiations and to the bodies and processes that carry forward the technical implementation of the Convention and the Paris Agreement;
 - (b) Supporting the reporting and review of information provided by Parties and the transition to a new transparency framework under the Paris Agreement, including review of support, and the related training and capacity-building for developing countries;
 - (c) Enhancing support to Parties in their preparation and implementation of NDCs and NAPs, including facilitating access to finance, technology and capacity-building;
 - (d) Catalysing and showcasing ambitious action by Parties and non-Party stakeholders to reduce emissions and build resilience so as to meet the goals of the Paris Agreement.
6. The core budget in itself will not be sufficient to address the whole range of secretariat support activities required for full and effective support to Parties. Resource requirements under the proposed core budget are therefore complemented by the supplementary resource requirements listed in chapter V below and annex I.
7. Both the proposed core budget and supplementary resource requirements aim to respond to the needs of Parties for targeted support of implementation activities at the

national level. The secretariat has begun to refocus resources in order to provide such support, not as an executing agency but through more tailored delivery of technical expertise and facilitation of partnerships between Parties and institutions that can effectively assist with implementation on the ground, such as the United Nations Environment Programme, multilateral development banks and other relevant agencies.

8. The secretariat's staff pool will remain lean. The proposed budget foresees a net increase of four staff (an increase of 2 per cent) funded from the core budget to support enhanced delivery in the areas outlined in paragraph 5 above.

9. Neither the proposed budget nor the zero growth budget includes provisions for any requirements that may arise from the completion of the Paris Agreement rule book in 2018 such as requirements related to bodies that may become operational through subsequent decisions by Parties.

10. In a zero growth scenario, a necessary adjustment in the standard salary cost figures means a de facto budget reduction compared with the biennium 2016–2017. The core staff pool would remain at 173.5 staff. In such a scenario, the secretariat stands ready to provide essential services but delivery of enhanced services in the areas outlined in paragraph 5 above would be impossible and support to the intergovernmental process and its institutions may suffer in terms of level, quality and timeliness of services. Critically, secretariat work will become even more dependent on supplementary funding, the level of which has continuously decreased over the past years. The amount of supplementary funding received in 2016 was significantly lower than received annually from 2013 to 2015. Details of the implications of a zero growth budget are contained in annex III.

11. The secretariat is committed to improving the clarity and transparency of the details of the budget and its financial situation to aid decision-making by Parties. Additional information supporting the elements of the proposed budget and the secretariat work programme will therefore be made available on the UNFCCC website.¹

II. Introduction

A. Mandate

12. The financial procedures for the UNFCCC require the head of the Convention secretariat to prepare the administrative budget for the following biennium, and to dispatch it to all Parties to the Convention at least 90 days before the opening of the ordinary session of the Conference of the Parties at which the budget is to be adopted.²

B. Approach to the budget documentation

13. The secretariat is taking a new approach to presenting the programme budget in an effort to enhance transparency and facilitate better understanding of the budget proposal in the light of the priorities for the biennium 2018–2019.

¹ http://unfccc.int/secretariat/unfccc_budget/items/9928.php.

² Decision 15/CP.1, annex I, paragraph 3. These financial procedures are also applicable to the Kyoto Protocol and the Paris Agreement.

14. The budget documentation consists of a set of formal documents, including this note and two addenda,³ which have been improved in structure and format in line with United Nations best practices. This note presents the programme budget for the biennium 2018–2019 proposed for adoption by the Parties. A zero nominal growth budget scenario as mandated by decision 22/CP.21 is contained in annex III.

15. Additional information is provided in further annexes. Resource requirements for the Trust Fund for Supplementary Activities in the biennium 2018–2019 are provided in annex I; the overall resource requirements for the biennium 2018–2019 by source of funding are included in annex II; and information on the Trust Fund for Participation in the UNFCCC Process, the Bonn Fund, the overhead charge and its use, conference services contingency, and methodologies used to calculate costs are provided in annexes IV–VIII.

16. The detailed work programme of the secretariat, including planned activities and outputs, is presented in document FCCC/SBI/2017/4/Add.1. This document also covers services that require funds from supplementary sources. The resource requirements for the Trust Fund for the International Transaction Log are contained in document FCCC/SBI/2017/2/Add.2.

17. These documents are complemented by the clean development mechanism (CDM) management plan⁴ and the joint implementation (JI) management plan.⁵

18. The formal documents are supplemented by a comprehensive set of additional documentation and information provided on the UNFCCC website,⁶ including in particular additional information summarizing main activities and related results under both the proposed programme budget and the zero growth scenario, as well as details of all projects to be funded from supplementary resources. In addition, information on the UNFCCC website includes the unaudited financial statements for 2016 and an update on the implementation of the approved core budget as mandated by decision 22/CP.21, paragraph 22.⁷

C. Possible action by the Subsidiary Body for Implementation

19. The Subsidiary Body for Implementation (SBI) is expected:

(a) To recommend a programme budget and agree on a draft decision for adoption by the Conference of the Parties (COP) at its twenty-third session, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its thirteenth session and the second part of the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), including on possible contingency provisions for conference services;

(b) To recommend a budget for the international transaction log and agree on a draft decision for consideration and adoption at CMP 13.

20. In addition, the SBI is invited:

(a) To take note of the financing arrangements for the CDM and JI;

³ The addenda will be published in due course, prior to the forty-sixth session of the Subsidiary Body for Implementation.

⁴ Available at <http://cdm.unfccc.int/EB/index.html>.

⁵ Available at <http://ji.unfccc.int/Ref/Docs.html>.

⁶ http://unfccc.int/secretariat/unfccc_budget/items/9928.php.

⁷ http://unfccc.int/secretariat/unfccc_budget/items/9928.php.

(b) To take note of the requirements for voluntary contributions to the Trust Fund for Supplementary Activities and the Trust Fund for Participation in the UNFCCC Process.

III. Context of the 2018–2019 budget proposal

A. General context

21. The UNFCCC budget for the biennium 2018–2019 will be the first budget to be presented to Parties for approval after the adoption and entry into force of the Paris Agreement. It is an important bridge between existing and new activities, between the present and the future. It needs to ensure continuity of mandated activities under the Convention and its Kyoto Protocol while effectively addressing new areas of work as mandated in the Paris Agreement, decision 1/CP.21 and other relevant decisions.

22. The overall aim of this budget proposal is to help strengthen the urgent global response to the dire threat of climate change. It is crucial that the budget for the biennium 2018–2019 facilitates the achievement of all Parties' objectives in the context of sustainable development and efforts to eradicate poverty. A profound transformation of national economic patterns and global cooperation on climate change is needed.

23. In the light of these challenges, it is clear that the 2018–2019 work programme must be ambitious. Recognizing, nonetheless, that many governments are currently operating under severe financial constraints, the budget will need to ensure prudent use of resources, strict prioritization of activities, efficient organization of work and deployment of resources in such a way as to maximize impact.

B. Vision

24. Actions by Parties and non-Party stakeholders over the next five years will determine whether emissions will peak in time to keep the global average temperature rise well below 2°C as envisaged in the Paris Agreement. For this goal to be achieved, NDCs and NAPs must lead to concrete actions, policy interventions and investment plans without delay.

25. At the same time, the response to the threat of climate change requires the participation of all actors, governments, United Nations entities and the many non-Party stakeholders, as well as enhanced coordination of those efforts for maximum impact.

26. The secretariat continues to play an important role in these efforts. While the provision of support to the intergovernmental process remains a central element, new areas of work have emerged that urgently need support from the secretariat. These include support for implementation of national undertakings and mobilization of enhanced action, in coordination with other United Nations entities, recognizing that the secretariat is not an executing agency but has a facilitative role.⁸

⁸ See document FCCC/SBI/2016/INF.13.

C. Priorities

27. Building on this vision and the evolving needs of the intergovernmental climate change process, the priorities for the work of the secretariat in the biennium 2018–2019 are as follows:

1. The completion and operationalization of the Paris Agreement rule book, building on the Convention and its Kyoto Protocol, by advancing work under relevant institutions, bodies and mechanisms

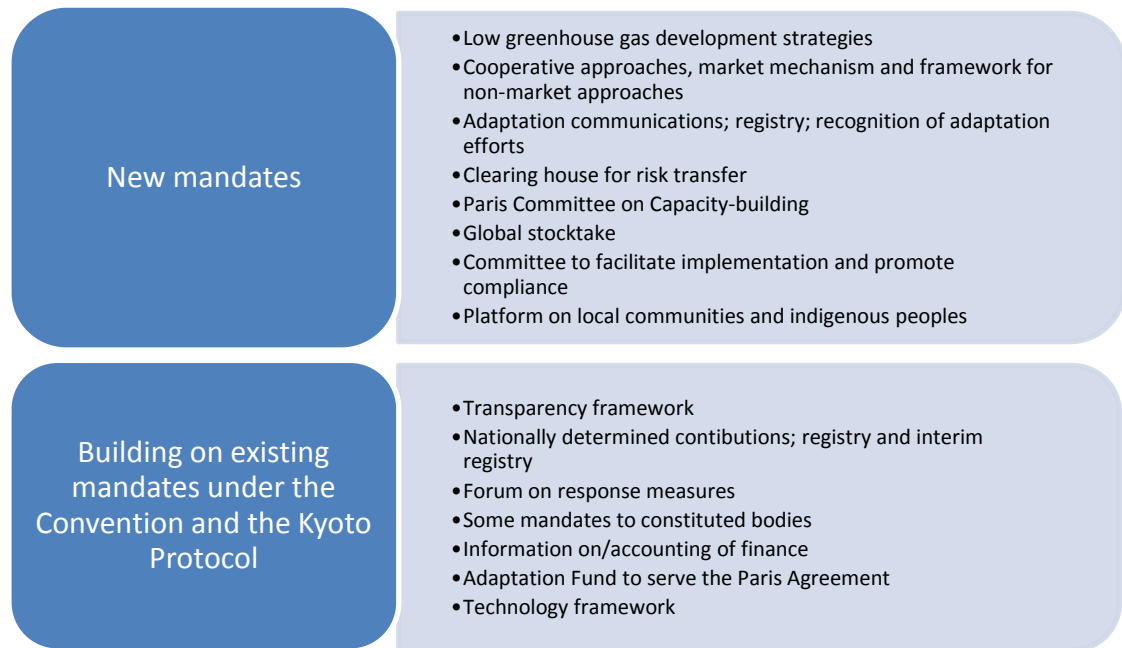
28. The secretariat will continue to provide procedural, institutional and technical support for the work of an extensive array of negotiating and implementing bodies under the Convention, the Kyoto Protocol and the Paris Agreement,⁹ including:

- (a) The three supreme bodies: the COP, the CMP and the CMA;
- (b) The subsidiary bodies: the SBI, the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Ad Hoc Working Group on the Paris Agreement (APA);
- (c) Eleven constituted bodies;
- (d) Various mandated procedures, mechanisms and other arrangements.

29. With regard to the completion of the Paris Agreement rule book, 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. Figure 1 lists areas of support assigned (directly or indirectly) to the secretariat under decision 1/CP.21 relating to the completion of the rule book.

⁹ For a list of bodies under the Convention and the Kyoto Protocol, please see <http://unfccc.int/bodies/items/6241.php>. This list does not include those established by the Paris Agreement but not yet operationalized through decisions by the CMA.

Figure 1
Areas of support related to the completion of the rule book under decision 1/CP.21



2. The continued implementation of the Convention and the Kyoto Protocol and the swift implementation of the Paris Agreement with a special focus on turning nationally determined contributions and national adaptation plans into actions, policy interventions and investment plans

30. To achieve this, the secretariat will provide support in different ways and at different levels. Some of these activities will be in continuation of key support mandates, such as the implementation of the measurement, reporting and verification (MRV) and transparency framework for developed and developing countries, support to developing countries on adaptation and means of implementation, and the provision of reliable and authoritative data.

31. At the same time, prioritizing the implementation of NDCs and NAPs means that the secretariat will need to refocus some of its capacity on activities that provide more targeted support of national efforts to drive climate action and to enhance coordination with relevant United Nations entities in support of Parties’ implementation activities at the national level.

32. The facilitative dialogue¹⁰ and the assessment of progress made in the process to formulate and implement NAPs,¹¹ both planned for 2018, are key milestones. The secretariat will support and assist Parties in their preparations, including through the analysis and dissemination of best available information in preparation for the global stocktake.

¹⁰ See decision 1/CP.21, paragraph 20.

¹¹ See decision 4/CP.21, paragraph 11.

3. Strengthening the catalytic role of the Convention in engaging actors at the national and international level, including relevant United Nations entities, so that they can more effectively support Parties' climate change and development objectives

33. This growing area of work is essential in the global effort to reduce emissions, increase adaptive capabilities and mobilize adequate resources in line with the objectives of the Convention and the Paris Agreement. The secretariat will support it through a number of activities, including the following:

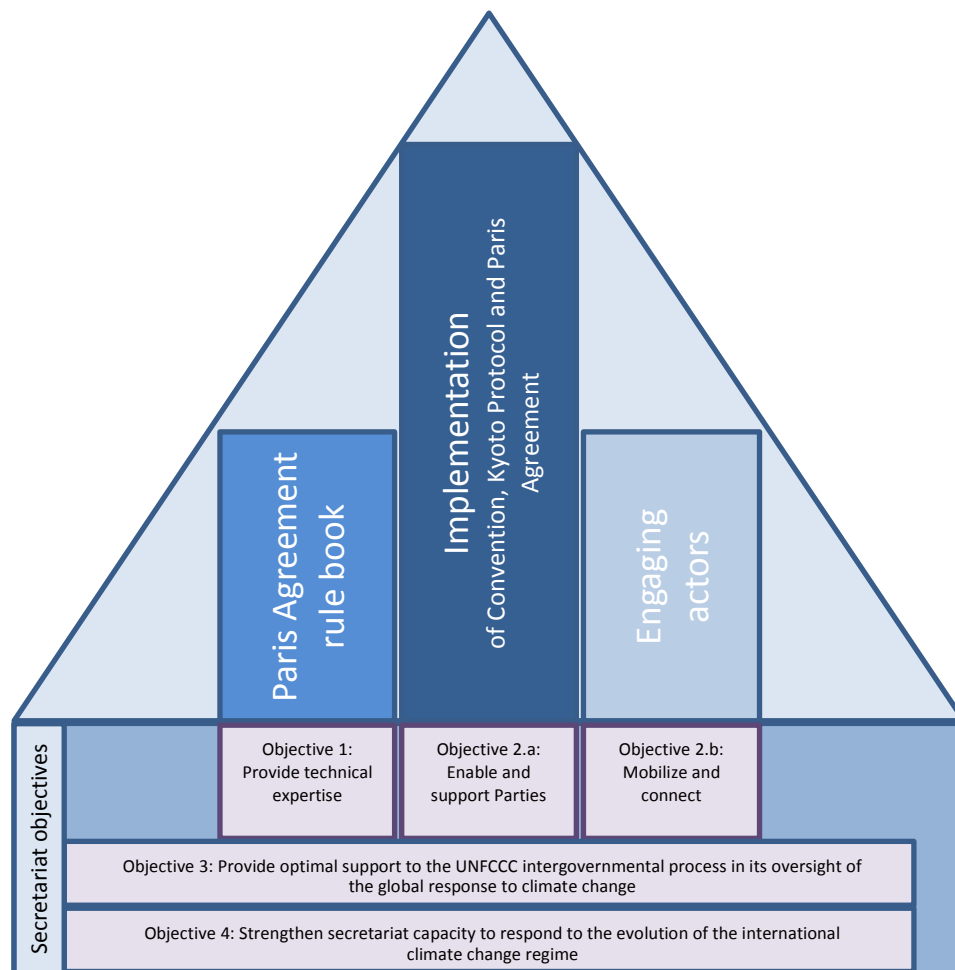
- (a) Connecting stakeholders, including through engagement and advice to relevant networks and partnerships;
- (b) Providing substantive inputs, technical assistance and advice for enhanced implementation of actions;
- (c) Showcasing success stories;
- (d) Sharing information on efforts and best practices.

D. Objectives

34. The secretariat will be guided by the following objectives in integrating the substantive priorities identified in chapter III.C above with the broader secretariat support infrastructure (see also figure 2):

- (a) Objective 1: provide effective technical expertise and technical support to Parties to facilitate ongoing negotiations under the Convention and its Kyoto Protocol and the swift completion of the Paris Agreement rule book;
- (b) Objective 2: enable and support Parties in the implementation of the Convention, the Kyoto Protocol and the Paris Agreement and the mobilization of climate action as an integral element of the 2030 Agenda for Sustainable Development;
- (c) Objective 3: provide optimal support to the UNFCCC intergovernmental process in its oversight of the global response to climate change;
- (d) Objective 4: strengthen the secretariat's capacity to respond to the evolution of the international climate change regime by adapting skill sets, streamlining services, adopting innovative approaches to work and enhancing its role as the global hub for official data and information on climate change.

Figure 2
Priorities and objectives for the biennium 2018–2019



E. Approach to the proposed budget for the biennium 2018–2019

1. Delivery in the post-Paris era

35. In the light of the vision, priorities and objectives identified for the biennium 2018–2019, the proposed budget represents not merely a continuation of the current biennium’s workplan. Rather, it has been designed to kick-start urgent work on the needs arising from the Paris Agreement.

36. To achieve this, the proposed budget includes a number of measures aimed at increasing efficiency through enhanced internal coordination and integration. It also proposes some readjustments in the way resources are deployed, reflecting Parties’ emerging support needs. While these measures have allowed a number of new support needs to be addressed with existing resources, it would be impossible to meet the most urgent challenges posed by the Paris Agreement with a zero growth budget. While the scenario of such a budget is included in annex III, the budget proposed to Parties foresees a modest but necessary budget increase of 7.9 per cent. More details on what the proposed budget will deliver and how the secretariat’s resources will be deployed are included in chapter IV below.

37. Neither the proposed budget nor the zero growth scenario includes provisions for any requirements that may arise from the completion of the Paris Agreement rule book in 2018, such as funding requirements related to bodies that were established under the Paris Agreement but have not yet been operationalized through CMA decisions. Additional supplementary funding may be required to service these bodies.

38. To gauge overall resource requirements, it is important to consider the core budget proposed in chapter IV below in conjunction with the additional resource requirements from supplementary resources presented in chapter V below and annex I.

2. One integrated budget for the Convention and the Paris Agreement

39. The proposed budget is based on a single budget for the component of the Convention and the Paris Agreement and maintains the Kyoto Protocol component separate, albeit at a reduced level reflecting current work.

40. The Parties to the Convention adopted the Paris Agreement with a view to enhancing the implementation of the Convention. The Paris Agreement therefore builds upon the Convention. Distinguishing between activities related to implementing the Paris Agreement from those related to implementing the Convention would not only be methodologically extremely difficult but would also lead to fragmentation, duplication and inefficiency and would reduce the potential for synergies. The following are some examples of the integrated architecture of the Convention and the Paris Agreement:

(a) The bodies established under the Convention also support the implementation of the Paris Agreement (the SBI, the SBSTA and several constituted bodies);

(b) The enhanced transparency framework for action and support under the Paris Agreement builds upon collective experience, including that gained through the MRV regime established under the Convention;

(c) The mobilization and transparency of climate finance does not differentiate between financial flows under the Convention and the Paris Agreement;

(d) The technology framework established under the Paris Agreement builds upon, inter alia, the Technology Mechanism established under the Convention;

(e) Measures exist to promote adaptation under both the Convention and the Paris Agreement.

3. Ratio of contributions towards core budget requirements under the Kyoto Protocol

41. Core budget requirements for undertaking activities in support of the implementation of the Kyoto Protocol will be lower in the biennium 2018–2019 than in the current biennium. This reflects the maturity achieved in the implementation of the Kyoto Protocol after more than a decade since its entry into force, which translates into a less intensive work programme in the coming bienniums. It also flows from the inclusion of work programme elements arising from the Paris Agreement which affects the relative shares.

42. While in some areas it is possible to clearly identify core budget requirements related to support to the implementation of the Kyoto Protocol, this is not the case for all secretariat activities. For instance, management and coordination of secretariat support generally do not lend themselves to direct attribution to either the Convention, the Paris Agreement or the Kyoto Protocol. This holds for strategic oversight provided by the Executive Direction and Management programme and senior directors as well as management functions in a number of other programmes. Similar considerations apply to the work undertaken by service programmes (Conference Affairs Services, Information and

Communication Technology, and Communication and Outreach). For these areas of work the share of resource requirements relating to the Kyoto Protocol has been determined on a pro-rata basis.

43. The Kyoto Protocol share for the 2018–2019 core budget requirements is prorated at 15.0 per cent of the overall proposed budget, compared with 28.2 per cent in the biennium 2016–2017. There will continue to be two scales of indicative contributions: one for the Convention and the Paris Agreement, and the other for the Kyoto Protocol.¹²

4. Cluster approach for the work of the secretariat

44. Fully implementing the international climate regime requires better support and connection of interlinked and interdependent areas of work, most prominently mitigation, adaptation and means of implementation. In order to achieve this and provide more efficient and coherent support to Parties, a new management configuration was introduced in the secretariat in 2017. Existing programmes were grouped into two clusters with clear management accountability for the integration of work and related resource management. No additional posts were required to implement this change and all existing programmes remain in place.

45. The two clusters are:¹³

- (a) Implementation and climate action;
- (b) Intergovernmental affairs and secretariat operations.

46. The cluster approach will increase cost-efficiency and maximize impact through better coordination and use of synergies within the clusters, including more streamlined administrative support.

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.

¹² The revised scale of indicative contributions for the Convention for the biennium 2016–2017 is contained in the annex to decision 23/CP.22 and the revised scale of indicative contributions for the Kyoto Protocol for the biennium 2016–2017 is contained in the annex to decision 8/CMP.12. Background information on the scales of indicative contributions as well as the calculated contributions according to the proposed budget for the biennium 2018–2019 and according to the zero growth scenario contained in annex III are available on the UNFCCC website at http://unfccc.int/secretariat/unfccc_budget/items/9928.php.

¹³ For detailed information on the clusters, their relationship with existing programmes and budget implications, see chapter IV.A below.

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.¹⁴

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);¹⁵

(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

¹⁴ 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.

¹⁵ 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.

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.

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;¹⁶

(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;

¹⁶ 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.

- (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;
- (v) Supporting the participation of experts in up to 16 technical assessments under REDD-plus¹⁷ 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;¹⁸
- (c) Intergovernmental affairs and secretariat operations cluster.¹⁹

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.

¹⁷ 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.

¹⁸ 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.

¹⁹ 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.

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
Expenditures	26 066 702	25 981 324	52 048 026
B. Programme support costs (overheads) ^a	3 388 671	3 377 572	6 766 243
C. Adjustment to working capital reserve ^b	175 278	-	175 278
Total (A + B + C)	29 630 651	29 358 896	58 989 547
Income			
Contribution from the Host Government	766 938	766 938	1 533 876
Indicative contributions	28 863 713	28 591 958	57 455 671
Total income	29 630 651	29 358 896	58 989 547

^a Standard 13 per cent applied for administrative support. See annex VI to this document.

^b 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 2016–2017.²⁰ 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

²⁰ See annex VIII.

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 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 ^a	(1 043 200)	-	100.0
Total core programme budget	48 398 546	52 048 026	7.5
Programme support costs	6 291 811	6 766 243	7.5
Adjustment to working capital reserve ^b	(41 873)	175 278	
Grand total	54 648 484	58 989 547	7.9

Abbreviation: IPCC = Intergovernmental Panel on Climate Change.

^a 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.

^b 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.²¹

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;
- (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

²¹ http://unfccc.int/secretariat/unfccc_budget/items/9928.php.

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 (%)
A. Appropriations			
Executive Direction and Management	4 461 724	2 980 020	(33.2)
Implementation and climate action cluster			
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)
Intergovernmental affairs and secretariat operations cluster			
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 ^a	3 231 716	3 253 797	0.7
Expenditures	48 398 546	52 048 026	7.5
B. Programme support costs (overheads) ^a	6 291 811	6 766 243	7.5

	2016–2017 (EUR)	2018–2019 (EUR)	Difference (%)
C. Adjustment to working capital reserve ^b	(41 873)	175 278	-
Total (A + B + C)	54 648 484	58 989 547	7.9
Income			
Contribution from the Host Government	1 533 876	1 533 876	0
Indicative contributions	53 114 608	57 455 671	8.2
Total income	54 648 484	58 989 547	7.9

^a Standard 13 per cent applied for administrative support. See annex VI to this document.

^b 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 ^a			
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
Subtotal Professional category and above	120	126^b	126^b
Subtotal General Service category	53.5	53.5	53.5
Total	173.5	179.5	179.5

^a Under-Secretary-General (USG), Assistant Secretary-General (ASG), Director (D) and Professional (P).

^b 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.

V. Trust Fund for Supplementary Activities

66. In United Nations organizations, supplementary contributions complement resources allocated to core budgets. For the UNFCCC secretariat, supplementary funding is required for a number of mandated activities that, while critical to the provision of effective support to Parties in key areas of work, could not be included in the core budget given the budgetary realities of many governments. The guiding principle has been to include, as much as possible, critical functions of a continuing nature in the core budget, while functions that are more short-term or variable in nature are funded from supplementary resources. The core budget is designed to include a certain baseline of direct fixed costs; additional activities would be funded under supplementary projects. However, given the severe constraints under which the proposed budget for the biennium 2018–2019 had to be constructed, there are activities that would need to be funded almost exclusively from supplementary resources, especially if Parties were to decide to approve a zero growth budget only.

67. Preliminary indications of resource requirements for supplementary activities in the biennium 2018–2019 are provided in annex I;²² summary information on each project will be made available on the UNFCCC website.²³ The information provided in annex I and on the UNFCCC website should enable Parties to identify the resources required to fund extrabudgetary activities for the biennium. The 2018–2019 work programme contained in document FCCC/SBI/2017/4/Add.1 is based on all sources of funding administered by the secretariat, including contributions to the Trust Fund for Supplementary Activities. It therefore provides an integrated overview of all secretariat activities proposed for the biennium 2018–2019. It is expected that the outcome of the deliberations on the programme budget, as well as of other deliberations at the sessions of the bodies established under the Convention, the Kyoto Protocol and the Paris Agreement in 2017 and 2018 will affect the requirements for resources from the Trust Fund for Supplementary Activities in the biennium 2018–2019.

²² Further details are available on the UNFCCC website at http://unfccc.int/secretariat/unfccc_budget/items/9928.php.

²³ http://unfccc.int/secretariat/unfccc_budget/items/9928.php.

Annex I

Resource requirements for the Trust Fund for Supplementary Activities in the biennium 2018–2019

[English only]

1. The activities proposed for supplementary funding are divided into two scenarios, one reflecting a core budget as proposed in the main body of this document, and one listing requirements in the event that only a zero growth budget were to be approved by Parties. In both scenarios, the proposed portfolios of supplementary activities have been carefully designed to take into account budgetary realities, to reflect requirements under the priority areas of work identified for the biennium 2018–2019, and to ensure that the secretariat remains fit for purpose.
2. Requirements listed in this annex are estimates. Some projects are ongoing and are expected to have obligations and balances at the end of the biennium 2016–2017. Current estimates indicate that by the end of 2017 a carry-over in the range of EUR 5 million to EUR 6 million might be available. Fundraising activities to be undertaken in 2018 will take into account any carry-over balances. The overall need for new contributions under the Trust Fund for Supplementary Activities in 2018–2019 is therefore expected to be lower than indicated in the grand total line in table 5. Requirements will be aligned to any new requests made by the UNFCCC governing bodies.
3. For a number of activities, the secretariat will also seek funding from non-Party stakeholders, in particular in relation to promoting and catalysing climate action among a broad range of stakeholders at national, regional and local levels. Projects including such activities are shown in table 5 with a note indicated by a lower-case letter. It is assumed that funding in the range of 75–100 per cent would be sought from non-Party stakeholders. Table 6 provides indicative figures for total resource requirements divided by source of funding, that is, whether sought from Parties or non-Party stakeholders.
4. As shown in table 6, requirements for supplementary funding from Parties in the biennium 2018–2019 are expected to total approximately EUR 43 million if the core budget is approved as proposed and EUR 44 million under the zero growth scenario. The total fundraising amount will be lower because of the anticipated carry-over.

Table 5

Resource requirements for the Trust Fund for Supplementary Activities in the biennium 2018–2019

<i>Project no.</i>	<i>Activities to be undertaken by the secretariat</i>	<i>Supplementary requirements if the core budget is approved as proposed</i> <i>EUR</i>	<i>Supplementary requirements under the zero growth scenario (annex III)</i> <i>EUR</i>
Support to implementation			
<i>Adaptation</i>			
1	Promoting transparency and assessment of adaptation action, stakeholder engagement and outreach	1 493 892	1 680 647
2	Supporting national adaptation planning	3 852 758	4 132 975
3	Facilitating coherent adaptation action through the AC and the NWP	2 074 393	2 391 607

Project no.	Activities to be undertaken by the secretariat	Supplementary requirements if the core budget is approved as proposed	Supplementary requirements under the zero growth scenario (annex III)
		EUR	EUR
4	Addressing loss and damage associated with climate change impacts <i>Nationally determined contributions/supporting implementation by Parties</i>	1 785 165	1 853 299
5	Supporting the implementation of activities relating to INDCs and NDCs	2 358 089	2 358 089
6	Organizing the technical dialogue on NDCs	2 798 219	2 798 219
7	Supporting and facilitating the work of the TEC and the implementation of the Paris Agreement on technology-related matters	883 457	987 982
8	Supporting the work of the PCCB and other capacity-building mandated activities, including the collaboration with relevant stakeholders within and outside the Convention	388 833	388 833
9	Technical support to review and development of national climate change legislation	90 400	90 400
10	Supporting the implementation of the Paris Agreement through regional collaboration centres	854 190	-
11	Supporting and catalysing climate finance implementation	818 617	-
12	Implementing activities of the Support Unit of the NDC Partnership ^a <i>Measurement, reporting and verification/transparency regime</i>	1 000 000	1 000 000
13	Supporting activities relating to LULUCF: reducing emissions from deforestation and forest degradation, enhancement of forest carbon sinks, and the role of sinks in future mitigation actions	815 363	865 603
14	Maintaining and enhancing UNFCCC reporting and information systems to enable Party submissions, delivery of data-based reports, operation of tools used in the MRV process, and the warehousing and management of GHG data	2 446 347	2 446 347
15	Strengthening the capacity of developing countries to participate in the MRV arrangements under the Convention and the transparency framework under the Paris Agreement	733 442	733 442
16	Supporting activities relating to training of experts for technical reviews of developed country Parties' submissions and technical analysis of developing country Parties' submissions, roster of experts and meeting of lead reviewers	2 006 000	2 006 000
17	Supporting the implementation of technical reviews of GHG inventories from Annex I Parties	997 654	1 095 580
18	Supporting the implementation of the work programme of the SCF and climate finance mandated activities	972 490	1 516 799
19	Supporting the tracking and transparency of support including the preparation of the biennial assessment and overview of climate finance flows	316 400	192 100
20	Supporting the implementation of the IAR process for developed country Parties and the ICA process for developing country Parties	1 350 729	2 400 295
21	Supporting the work of the CGE in assisting developing countries with the implementation of the MRV/transparency frameworks	3 119 750	3 018 050

<i>Project no.</i>	<i>Activities to be undertaken by the secretariat</i>	<i>Supplementary requirements if the core budget is approved as proposed</i> <i>EUR</i>	<i>Supplementary requirements under the zero growth scenario (annex III)</i> <i>EUR</i>
<i>Infrastructure support to implementation</i>			
22	Connecting stakeholders	390 980	390 980
23	Enhancing the value of UNFCCC data and reports for use by Parties	846 370	846 370
<i>Kyoto Protocol</i>			
24	Supporting activities of the Compliance Committee	314 140	447 480
25	Maintaining and enhancing the compilation and accounting database under the Kyoto Protocol	238 859	238 859
26	Supporting and optimizing the operation of joint implementation	1 549 794	1 549 794
Catalysing climate action (Party and non-Party stakeholders)			
27	Boosting climate engagement via online media services ^b	2 464 638	2 464 638
28	Cross-cutting communications and events management of non-Party stakeholder/climate action agenda	867 185	867 185
29	Education and youth engagement – Action for Climate Empowerment	538 106	538 106
30	Momentum for Change – global awards for accelerated climate ambition ^c	2 753 833	2 753 833
31	Strengthening the technical examination process on mitigation: supporting the implementation of pre-2020 mitigation-related activities stemming from decision 1/CP.21	612 207	920 064
32	Supporting climate action ^b	3 803 553	2 879 059
33	Supporting stakeholder engagement in the UNFCCC process	894 827	1 127 833
Supporting the UNFCCC process			
34	Supporting activities relating to the impact of the implementation of response measures	909 300	909 300
35	Assessing progress towards achieving the long-term goals of the Paris Agreement	619 211	633 137
36	Strengthening gender mainstreaming in climate change action and the UNFCCC process and secretariat through coordination, collaboration, advocacy and capacity-building	797 916	797 916
37	Strengthening the science–policy interface	317 530	323 180
38	Support for the intergovernmental negotiation processes on the development of modalities, procedures and guidelines for the transparency framework under the Paris Agreement	450 870	450 870
Modernizing information and communication technology infrastructure			
39	Strengthening UNFCCC cyber security	359 905	359 905
40	Streamlining the production of UNFCCC documents	678 000	678 000
41	Providing virtual meeting/workshop participation to UNFCCC stakeholders	787 610	787 610

<i>Project no.</i>	<i>Activities to be undertaken by the secretariat</i>	<i>Supplementary requirements if the core budget is approved as proposed</i> <i>EUR</i>	<i>Supplementary requirements under the zero growth scenario (annex III)</i> <i>EUR</i>
42	Providing a scalable, robust and secure cloud infrastructure for UNFCCC systems and data	751 450	751 450
43	Empowering stakeholders to work remotely	570 650	570 650
44	Developing internal communication tools	241 933	241 933
Grand total		52 915 055	53 484 419

Abbreviations: AC = Adaptation Committee, CGE = Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention, GHG = greenhouse gas, ICA = international consultation and analysis, IAR = international assessment and review, INDC = intended nationally determined contribution, LULUCF = land use, land-use change and forestry, MRV = measurement, reporting and verification, NDC = nationally determined contribution, NWP = Nairobi work programme on impacts, vulnerability and adaptation to climate change, PCCB = Paris Committee on Capacity-building, SCF = Standing Committee on Finance, TEC = Technology Executive Committee.

^a This project is being implemented under the NDC Partnership for the period 2017–2018. Funding to cover the project's activities in that period has already been made available to the secretariat.

^b Project for which approximately 75 per cent of funding will be sought from non-Party stakeholders.

^c Project for which up to 100 per cent of funding will be sought from non-Party stakeholders.

Table 6

Projects under the Trust Fund for Supplementary Activities for which full funding from Parties is not sought in the biennium 2018–2019

<i>Categories of projects</i>	<i>Supplementary requirements if the core budget is approved as proposed</i> <i>EUR</i>	<i>Supplementary requirements under the zero growth scenario (annex III)</i> <i>EUR</i>
Total cost of projects under the Trust Fund for Supplementary Activities	52 915 055	53 484 419
Projects relating to catalysing climate action ^a	(7 454 976)	(6 761 606)
Projects for which no funding is sought		
Implementing activities of the Support Unit of the NDC Partnership	(1 000 000)	(1 000 000)
Supporting and optimizing the operation of joint implementation	(1 549 794)	(1 549 794)
Net funding sought from Parties^b	42 910 285	44 173 019

^a The total amount in this line reflects 75 per cent of requirements for the projects annotated in table 5 under note b and 100 per cent of requirements for the project annotated in table 5 under note c.

^b The total amount in this line includes 25 per cent of requirements for the projects annotated in table 5 under note b.

Annex II

Proposed budget for the biennium 2018–2019 by source of funding

[English only]

1. The Executive Secretary is fully committed to enhancing transparency of the UNFCCC funding arrangements. Funding under the core budget is one important component of these arrangements, but there are several others. Over the years, the arrangements became rather complex as the UNFCCC governing bodies sought to ensure that resources provided for specific purposes were managed appropriately. For example, the costs of managing and implementing the clean development mechanism (CDM) under the Kyoto Protocol are covered by fees and shares of proceeds generated under the CDM, while funding for the participation of representatives of eligible developing countries in the UNFCCC process is provided by Parties in the form of voluntary contributions.

2. The expenses incurred by the secretariat in support of the international climate change regime are covered from various funding sources and managed under different trust funds, namely:

- (a) Trust Fund for the Core Budget of the UNFCCC;¹
- (b) Trust Fund for the Clean Development Mechanism;²
- (c) Trust Fund for Supplementary Activities;³
- (d) Trust Fund for Participation in the UNFCCC Process;⁴
- (e) Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund);⁵
- (f) Trust Fund for the International Transaction Log.⁶

3. Table 7 indicates the **total funding requirements** by cluster from the core budget, and **anticipated expenditures** under other trust funds. Data on the Trust Fund for Supplementary Activities are provided in a dedicated column as requirements under this fund are closely linked to the funding levels under the core budget. Table 7 also reflects the projected income by source in the biennium 2018–2019. The distribution of sources of funding for the biennium 2018–2019 would be as follows: core budget, 37.5 per cent (35.0 per cent in 2016–2017); Trust Fund for Supplementary Activities, 32.6 per cent (29.9 per cent in 2016–2017); and other trust funds and accumulated surplus, 29.9 per cent (35.1 per cent in 2016–2017).

¹ The fund receives contributions from Parties according to an indicative scale based on the United Nations scale of assessment.

² The fund collects fees from operational entities under the CDM.

³ The fund receives funding provided by Parties in addition to their indicative contributions to the core budget and generally supports costs which the core budget is insufficiently resourced to cover.

⁴ The fund receives voluntary contributions and supports the participation of eligible representatives from developing country Parties and Parties with economies in transition in the sessions of the Conference of the Parties and the subsidiary bodies.

⁵ The fund consists of an additional annual contribution from Germany, the host of the secretariat, and primarily supports conferences and other meetings in Bonn, Germany.

⁶ The fund collects fees based on an indicative scale from users of the international transaction log.

Table 7
Core budget requirements and anticipated expenditures under other trust funds for the biennium 2018–2019

	Core budget (EUR) ^a	Trust Fund for Supplementary Activities	Other trust funds ^b (EUR)	Total (EUR)
Expenditure				
A. Appropriations				
Executive Direction and Management	2 980 020			2 980 020
Implementation and climate action	29 365 488	33 643 645		63 009 133
Clean development mechanism			32 508 526	32 508 526
Joint implementation		1 371 499		1 371 499
Intergovernmental affairs and secretariat operations	19 702 518	11 812 338		31 514 856
International transaction log			4 611 146	4 611 146
Bonn Fund			3 167 296	3 167 296
B. Programme support costs (overheads)^c	6 766 243	6 087 573	5 237 306	18 091 122
C. Adjustment to the working capital reserve^d	175 278		(6 076)	169 202
Total (A + B + C)	58 989 547	52 915 055	45 518 198	157 422 800
Income				
Contribution from the Host Government	1 533 876			1 533 876
Indicative contributions	57 455 671			57 455 671
Voluntary contributions		51 365 261		51 365 261
Clean development mechanism fee-based income ^e			16 866 000	16 866 000
Joint implementation fee-based income			-	-
Fees to the international transaction log			5 204 520	5 204 520
Bonn Fund			3 579 044	3 579 044
Estimated resource requirements to be covered from accumulated surplus		1 549 794	19 868 634	21 418 428
Total income	58 898 547	52 915 055	45 518 198	157 422 800

^a As proposed by the Executive Secretary. **Expenditures under the Trust Fund for Supplementary Activities and all other trust funds are estimated.**

^b Other trust funds include the Trust Fund for the Clean Development Mechanism, the Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund) and the Trust Fund for the International Transaction Log. Resource requirements under the Trust Fund for Participation in the UNFCCC Process depend on the number of sessional meetings and the number of funded participants, in line with annex IV to this document.

^c Standard 13 per cent applied by the United Nations for administrative support.

^d The operating reserve has been set at 8.3 per cent of estimated expenditure of the international transaction log for one year.

^e Projected clean development mechanism fee-based income: accreditation, accreditation process related, methodology, project registration and share of proceeds.

Annex III

Zero nominal growth scenario

1. As requested by the Conference of the Parties,¹ this annex presents a “zero nominal growth” budget for the biennium 2018–2019. The bottom line figure of EUR 54,648,484 for the biennium is maintained. The annex should be read in conjunction with the documentation referred to in chapter II.B of this document.
2. In preparing this budget option, new, higher standard cost figures for staff (see annex VIII) were integrated. The effect of absorbing these costs is equivalent to a reduction of 3 per cent.
3. All existing programmes are maintained along with the new clustering approach introduced in 2017 to promote stronger collaboration across teams and enhance flexibility and efficiency in implementing the work programme (see chapter III.E.4 of this document).
4. Under the zero growth scenario, efforts were made to prevent a further decline in the ratio of staff costs to non-staff costs. The ratio would be maintained at about the same level as in 2016–2017 (78.1 per cent versus 21.9 per cent, compared with 78.2 per cent versus 21.8 per cent in the biennium 2016–2017). In the interest of organizational health and flexibility, special efforts were made to ensure sufficient funding for operating costs, for consulting expertise and for the costs of meetings of the constituted bodies. The implication of this approach, combined with the change in standard salary costs, is the need to freeze posts.
5. Just as in the enhanced delivery budget proposed for approval in this document, a zero growth budget would not allow for maintaining the grant to the Intergovernmental Panel on Climate Change (IPCC) that is traditionally included in the core budget (see para. 50(d) of this document).
6. The support to the intergovernmental process is essentially maintained, although there may be some reduction in responsiveness due to less staff resources being available (see para. 10 below for examples). Nevertheless, the provision of support for the recently established bodies of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and the Ad Hoc Working Group on the Paris Agreement as well as support to Parties’ consultations in relation to the Paris Agreement under the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice are absorbed within the zero growth baseline.
7. The operations of the constituted bodies will be affected to some extent by the limited availability of core budget resources in a zero growth scenario. While every effort has been made in the preparation of the budget to maintain two meetings for each constituted body during the biennium, additional meetings would be reliant on supplementary funding. The potential for holding virtual meetings will be explored. Substantive support to the work of some of the bodies will be marginally affected by the staff reductions. Budgetary provisions in relation to the Paris Committee on Capacity-building will be limited. Fewer resources for supporting the implementation of the workplans of the constituted bodies will affect to differing degrees:
 - (a) The development of the clearing house for risk transfer;
 - (b) The Forum of the Standing Committee on Finance;

¹ Decision 22/CP.21, paragraph 22.

- (c) The biennial assessment and overview of climate finance flows;
- (d) The review of the adequacy and effectiveness of adaptation and support.

8. The budget in a zero growth scenario will continue to include significant provisions for the implementation and further development of the measurement, reporting and verification (MRV) regime. However, in spite of the ongoing measures to increase efficiency, a number of limitations apply, including:

(a) While technical reviews of the submitted greenhouse gas (GHG) inventories from Parties included in Annex I to the Convention (Annex I Parties) are to be implemented every year for every Party, there would be provision in the core budget to support the individual reviews of these inventories and the related supplementary information under the Kyoto Protocol only once per Party involved per biennium. Additional individual reviews could be implemented 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.;

(b) There would be provision in the core budget to support technical in-depth reviews of national communications and biennial reports from developed country Parties, as part of the international assessment and review process, once every four years for every Party involved; supplementary funding would be required to implement such reviews once per biennium for every Party;

(c) There will be provision in the core budget to support the conduct of up to 22 analyses of biennial update reports from developing country Parties, as part of the international consultation and analysis process; additional analyses, if needed, would have to be supported by supplementary funding.

9. More limited resources and/or less predictable funding for promoting stakeholder engagement and outreach will affect:

(a) The development and operationalization of the local communities and indigenous peoples platform;

(b) Support of the management of a large array of side events and exhibits, an area of significant growth over the past years;

(c) The implementation of technology action plans, in particular in relation to the engagement of financial providers and the ability of the Technology Executive Committee to play a catalytic role.

10. In the zero nominal growth scenario, the advancement of the post-Paris priorities identified by the Executive Secretary will be dependent on supplementary funding and therefore cannot be assured. Affected priorities will include:

(a) Basic support to the high-level champions and to stronger coordination of diverse initiatives;

(b) The ability of the secretariat to catalyse support for countries in their implementation of nationally determined contributions, national adaptation plans, technology needs assessments and other key deliverables, by working with partners and using targeted initiatives, which will not be advanced;

(c) Efforts to promote stronger engagement of other United Nations entities and the integration of the implementation of the Paris Agreement with the 2030 Agenda for Sustainable Development, which will be minimal.

11. Furthermore, a significantly more constrained budget, consistent with a zero nominal growth scenario, would affect other areas of support of the intergovernmental process, in terms of reducing the level and/or quality of services and/or delaying action, including:

- (a) The development of adaptation communications;
- (b) The development and operationalization of the adaptation registry;
- (c) The development of the Technology Framework and the scope and modalities for the periodic assessment of the Technology Mechanism;
- (d) Support of negotiations in relation to the clean development mechanism, joint implementation, land use, land-use change and forestry, and Article 6 of the Paris Agreement;
- (e) Legal advice and services;
- (f) The scope of conference services in relation to support to observers and meetings management;
- (g) Webcasting services for meetings and events;
- (h) Multilingual content on the UNFCCC website;
- (i) Work under Article 6 of the Convention, known as Action for Climate Empowerment.

12. Table 8 summarizes the mandated zero nominal growth scenario by cluster for 2018 and 2019 and the expected sources of income. Comparisons with the approved budget for the biennium 2016–2017 by commitment item and on a programme basis are provided in tables 9 and 10, respectively.

Table 8
Zero nominal growth scenario for 2018–2019 by cluster

	2018 (EUR)	2019 (EUR)	Total (EUR)
A. Appropriations			
Executive Direction and Management	1 480 010	1 480 010	2 960 020
Implementation and climate action	13 376 340	13 098 140	26 474 480
Intergovernmental affairs and secretariat operations	9 488 405	9 426 393	18 914 798
Programme expenditures	24 344 755	24 004 543	48 349 298
B. Programme support costs (overheads)^a	3 164 818	3 120 591	6 285 409
C. Adjustment to working capital reserve^b	13 777	-	13 777
Total (A + B + C)	27 523 350	27 125 134	54 648 484
Income			
Contribution from the Host Government	766 938	766 938	1 533 876
Indicative contributions	26 756 412	26 358 196	53 114 608
Total income	27 523 350	27 125 134	54 648 484

^a Standard 13 per cent applied for administrative support. See annex VI to this document.

^b 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).

13. The principal component of the core budget in this scenario, as under the proposed budget, is staff costs, representing 78.1 per cent of the total core budget as opposed to 78.2 per cent in the biennium 2016–2017. Other major components include general operating expenses at 7.7 per cent (7.0 per cent in 2016–2017), consultants at 3.7 per cent (3.5 per cent in 2016–2017) and experts at 2.8 per cent (3.8 per cent in 2016–2017).

14. For the 2018–2019 biennium, total staff costs would decrease by 0.2 per cent compared with 2016–2017. The slight decrease of EUR 65,605 in staff costs is attributable to not funding seven posts so that the increased expenditure resulting from adjusted standard salary costs could be absorbed.²

15. The zero growth budget for non-staff costs amounts to EUR 10.57 million in the 2018–2019 biennium – an overall increase of only EUR 16,357 compared to the current biennium. Increases in costs for consultants are 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, work in accordance with the provisions of the Paris Agreement, and work that was previously covered by short-term staff. There are several reasons behind the fall in expert costs, including:

(a) Only one individual review of the GHG inventories from Annex I Parties and the related supplementary information under the Kyoto Protocol per biennium is provided for;

(b) Technical in-depth reviews of national communications and biennial reports from developed country Parties have been scaled down from once per biennium to a four-year cycle;

(c) No more than 22 analyses of biennial update reports from developing country Parties can be supported.

16. The amount provided for operating costs has increased (costs for 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.

Table 9

Zero nominal growth scenario 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	37 779 100	(0.2)
Consultants	1 697 786	1 766 501	4.0
Travel of staff	1 436 256	1 272 881	(11.4)
Experts and expert groups	1 852 926	1 353 340	(27.0)
General operating expenses	3 392 577	3 701 361	9.1
Supplies, materials, equipment, furniture	1 139 924	907 715	(20.4)
Training	392 222	372 400	(5.1)
Contributions to common services	1 195 840	1 196 000	0.0
Grants and contributions (IPCC)	489 510	-	(100.0)
Lump sum adjustment ^d	(1 043 200)	-	100.0
Total core programme budget	48 398 546	48 349 298	(0.1)

² See annex VIII.

<i>Commitment item</i>	<i>2016–2017 (EUR)</i>	<i>2018–2019 (EUR)</i>	<i>Difference (%)</i>
Programme support costs	6 291 811	6 285 409	(0.1)
Adjustment to working capital reserve ^b	(41 873)	13 777	
Grand total	54 648 484	54 648 484	0.0

Abbreviation: IPCC = Intergovernmental Panel on Climate Change.

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

^b In accordance with the financial procedures (decision 15/CP.1, annex I, para. 14), the working capital reserve will increase to EUR 2,284,645 by 2018 and be kept at that level in 2019.

17. A comparison of the zero nominal growth scenario with the approved budget for the biennium 2016–2017 on a programme basis is contained in table 10. A summary of key changes is provided below; further details are provided on the UNFCCC website.³

18. The differences between the 2016–2017 biennium and the 2018–2019 biennium on a programme basis are due to a combination of:

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

(b) Not funding seven existing posts in the biennium 2018–2019. The equivalent of funding seven posts (two P-3 posts, two P-4 posts, two P-2 posts and one General Services post) was deducted to absorb the increase in actual staff costs;⁴

(c) Fully funding two posts that were only funded at 20 per cent and 25 per cent respectively in the 2016–2017 biennium;

(d) Increasing specific non-staff items in some programmes and reducing some in others.

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

(a) In the Executive Direction and Management programme: the reassignment of specific resources to the management of clusters;

(b) Cluster management units: receiving existing senior director positions, one of which is to be increased to 100 per cent funding from 20 per cent funding in the biennium 2016–2017, plus an assistant position for each of the two senior directors; moving the support to the governing bodies from the Executive Direction and Management programme to the intergovernmental affairs and secretariat operations cluster;

(c) In the Adaptation programme and the Legal Affairs programme: exchanging posts in order to enhance support to the process to formulate and implement national adaptation plans;

(d) In the Information and Communication Technology programme: funding for one position is increased from 25 per cent in the biennium 2016–2017 to 100 per cent in the biennium 2018–2019;

(e) In the Executive Direction and Management programme and the Communications and Outreach programme: exchanging posts to ensure sustainable funding for the post of Director of Communications and Outreach.

³ http://unfccc.int/secretariat/unfccc_budget/items/9928.php.

⁴ See annex VIII.

Table 10
Comparison of the zero nominal growth scenario with the approved budget for the biennium 2016–2017 on a programme basis

	2016–2017 (EUR)	2018–2019 (EUR)	Difference (%)
A. Appropriations			
Executive Direction and Management	4 461 724	2 960 020	(33.7)
Implementation and climate action cluster			
Cluster management	-	589 600	
Mitigation, Data and Analysis	15 223 376	15 008 020	(1.4)
Finance, Technology and Capacity-building	5 464 887	5 401 520	(1.2)
Adaptation	4 671 964	4 743 260	1.5
Sustainable Development Mechanisms	776 240	732 080	(5.7)
Intergovernmental affairs and secretariat operations cluster			
Cluster management	-	1 257 960	
Legal Affairs	2 608 910	2 153 600	(17.5)
Conference Affairs Services	3 324 279	3 395 655	2.1
Communications and Outreach	3 069 899	3 431 320	11.8
Information and Communication Technology	5 565 551	5 447 800	(2.1)
Administrative Services ^a	3 231 716	3 228 463	(0.1)
Expenditures	48 398 546	48 349 298	(0.1)
B. Programme support costs (overheads) ^a	6 291 811	6 285 409	(0.1)
C. Adjustment to working capital reserve ^b	(41 873)	13 777	
Total (A + B + C)	54 648 484	54 648 484	0.0
Income			
Contribution from the Host Government	1 533 876	1 533 876	0.0
Indicative contributions	53 114 608	53 114 608	0.0
Total income	54 648 484	54 648 484	0.0

^a Standard 13 per cent applied for administrative support. See annex VI to this document.

^b 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).

Annex IV

Trust Fund for Participation in the UNFCCC Process

[English only]

1. The Trust Fund for Participation in the UNFCCC Process is used to support the travel and subsistence costs for delegates from eligible Parties in UNFCCC sessions. It is funded from voluntary contributions. Table 11 provides the estimated requirements for resources from this fund for the biennium 2018–2019 for a range of sessional options. The overall level of resource requirements is dependent on the number, length and location of sessions and pre-sessional and preparatory meetings, as well as on the number of delegates from each eligible Party who are supported to ensure as wide a representation as possible.

Table 11

Resource requirements for the Trust Fund for Participation in the UNFCCC Process

<i>Sessional options</i>	<i>Estimated cost (EUR)</i>
Option 1: Support for one delegate from each eligible Party to participate in a two-week session organized in Bonn ^a	1 017 582
Option 2: Support for one delegate from each eligible Party plus a second delegate from each of the least developed countries and each small island developing State to participate in a two-week session organized in Bonn ^a	1 561 042
Option 3: Support for two delegates from each eligible Party to participate in a two-week session organized in Bonn ^a	2 035 164
Option 4: Support for two delegates from each eligible Party plus a third delegate from each of the least developed countries and each small island developing State to participate in a two-week session organized in Poland ^a	2 880 338

^a Locations provided as examples.

Annex V

Bonn Fund

[English only]

1. The Host Government makes an annual contribution of EUR 1,789,522 to the Trust Fund for the Special Annual Contribution from the Government of Germany (otherwise known as the Bonn Fund). The Bonn Fund was established pursuant to Germany's offer to host the secretariat in Bonn and is used to finance events held in Germany. Expenditures are determined every year through a bilateral arrangement between the Government of Germany and the secretariat.

2. The activities to be funded and the associated costs are presented in table 12 for information purposes only.

Table 12

Bonn Fund

	<i>2018–2019 (EUR)</i>
Income	3 579 044
Expenditure	
Conference support for facilities and staff	2 810 336
Conference information technology support for staff, computers and networking	356 960
Programme support costs	411 748
Total expenditure	3 579 044

Annex VI

Overhead charge and its use

[English only]

1. In accordance with the financial procedures (decision 15/CP.1), the budget includes a 13 per cent provision to cover administrative overhead costs. Administrative services of the secretariat are funded from the overheads payable on all UNFCCC trust funds. Through its Administrative Services programme, the secretariat has taken full responsibility for the preparation of its operational budget and related allotments, the procurement of goods and services, the arrangements for the travel of staff and participants, and the recruitment and administration of staff and consultants. The programme provides key management support in terms of programme planning, results-based budgeting and reporting on programme and budget performance. It is also responsible for all tasks related to the premises of the secretariat.

2. The greatest portion of the overhead funds is used for the services provided by the Administrative Services programme. The remainder covers the cost of internal and external audits, payroll, investment and treasury services, staff training and development, services related to the administration of justice and other United Nations support services that are not available in the secretariat, and contributes to covering the costs of sharing common services and premises with other United Nations organizations in Bonn, Germany. The fund is currently undergoing a review to better align expenditure with the income and priorities of the organization.

3. The staffing and resource requirements shown in tables 13 and 14 respectively are indicative only. The Executive Secretary will approve expenditures on the basis of actual income.

Table 13

Staffing requirements funded from the overhead charge on all UNFCCC trust funds

	2018	2019
Professional category and above ^a		
D-1	1	1
P-5	2	2
P-4	3	3
P-3	13	13
P-2	9	9
Subtotal Professional category and above	28	28
Subtotal General Service category	62.5	62
Total	90.5	90

^a Director (D) and Professional (P).

Table 14
Anticipated resource requirements funded from the overhead charge on all UNFCCC trust funds

	<i>2018 (EUR)</i>	<i>2019 (EUR)</i>
Staff costs	7 377 700	7 346 800
Non-staff costs	1 328 600	1 328 600
Total secretariat costs	8 706 300	8 675 400
Services rendered by the United Nations	866 900	866 900
Grand total	9 573 200	9 542 300

Annex VII

Conference services contingency

[English only]

1. To date, the costs of conference services (mainly interpretation at meetings, translation, reproduction and distribution of documents and related services) for up to two sessions of the Convention bodies annually have been covered by the United Nations Office at Geneva or other United Nations offices and financed from the regular budget of the United Nations adopted by the General Assembly. As in previous years, a contingency budget is submitted to the Subsidiary Body for Implementation to cover the cost of such services in the event that the General Assembly does not continue this practice.

2. The methodology used to calculate the costs of the conference services contingency is the same as that used in the 2016–2017 budget proposal. It is based on the assumption that the annual calendar of meetings of Convention bodies will include two sessional periods of two weeks each (with the sessions of the Conference of the Parties (COP), the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) taking place during one of the sessional periods) and uses standard cost figures employed by the United Nations Office at Geneva for conference services. It is further envisaged that full conference services would be sought from the United Nations on a reimbursable basis so as to maintain the quality of translation and interpretation services. This means that no additional secretariat staff would be required. The contingency is also based on the assumption that the sessions of the COP, the CMP, the CMA and the subsidiary bodies would be accommodated within the conference services portfolio of services prevailing in past years.

3. The contingency for conference services in the biennium 2018–2019 would amount to EUR 9.6 million for interpretation, documentation and meetings services support. This includes programme support costs and the working capital reserve (see table 15).

4. The COP, the CMP and the CMA rely on Parties to host their respective sessions,¹ taking on the portion of costs that exceeds those covered from secretariat funds and those borne by the United Nations as outlined in paragraph 2 above. In the event that no Party offers to host a session of the COP, the CMP and the CMA, rule 3 of the draft rules of procedure² being applied foresees that the session would take place at the seat of the secretariat. Parties may wish to consider adding an additional contingency to the budget to cover sessions of the governing bodies. However, this would constitute a significant resource requirement in the order of several tens of millions of euros.

Table 15

Resource requirements for the conference services contingency

	2018 (EUR)	2019 (EUR)	2018–2019 (EUR)
<i>Object of expenditure</i>			
Interpretation ^a	1 175 300	1 210 600	2 385 900
Documentation ^b			

¹ This also holds for any additional sessions of the Convention, the Kyoto Protocol and the Paris Agreement bodies that Parties may decide to convene.

² FCCC/CP/1996/2.

	2018 (EUR)	2019 (EUR)	2018–2019 (EUR)
Translation	1 944 800	2 003 100	3 947 900
Reproduction and distribution	668 300	668 400	1 336 700
Meetings services support ^c	249 000	276 400	525 400
Subtotal	4 037 400	4 158 500	8 195 900
Programme support costs	524 900	540 600	1 065 500
Working capital reserve	378 700	11 300	390 000
Total	4 941 000	4 710 400	9 651 400

Note: Assumptions used for calculating the conference services contingency budget include the following:

- The expected number of meetings with interpretation does not exceed 40 per session;
- The expected documentation volume is based on the calculations provided by the United Nations Office at Geneva;
- Meetings services support includes staff normally provided by the United Nations Office at Geneva conference services for the in-session coordination and support of interpretation, translation and reproduction services;
- Overall, the figures used are conservative and have been applied on the assumption that there will be no major increase in requirements during the biennium.

^a Includes salaries, travel and daily subsistence allowance for interpreters.

^b Includes all costs related to the processing of pre-, in- and post-session documentation; translation costs include revision and typing of documents.

^c Includes salaries, travel and daily subsistence allowance for meeting services support staff and costs of shipment and telecommunications.

Annex VIII

Methodologies used to calculate costs

[English only]

A. Staff costs

1. The secretariat applies the United Nations rules governing salaries and employee benefits. The General Assembly approved a revised compensation package¹ for the staff in the Professional category and above on 23 December 2015, based on the recommendations of the International Civil Service Commission. This package was factored into the calculation of the secretariat's updated standard salary costs for the biennium 2018–2019.

2. Fixed-term contract salary and common staff costs are calculated using standard rates for each grade. These rates are determined on the basis of historical analysis of a set of staff cost parameters such as pay scales and employee benefits. As part of the 2018–2019 budget process, a review was undertaken of all the staff cost components, as well as actual staff-related expenditure for 2016. This resulted in a change in standard salary staff rates for the categories P-3 to USG. Increases result mainly from step increases and related higher salary costs such as pension and medical contributions. Table 16 compares standard salary costs by grade for the biennium 2018–2019 with the costs for the previous and current biennium.

Table 16
Standard salary costs

Level ^a	2014–2015	2016–2017	2018–2019
	Yearly amounts in euro	Yearly amounts in euro	Yearly amounts in euro
USG			228 000
ASG	194 000	194 000	200 000
D-2	177 000	185 000	197 000
D-1	166 000	175 000	189 000
P-5	151 000	153 000	161 000
P-4	128 000	132 000	139 000
P-3	109 000	112 000	117 000
P-2	94 000	95 000	95 000
GS	63 000	63 000	63 000

Note: Only 98 per cent of the standard salary costs was used in the preparation of the 2018–2019 budget.

^a Under-Secretary-General (USG), Assistant Secretary-General (ASG), Director (D), Professional (P) and General Service (GS).

¹ United Nations General Assembly resolution A/RES/70/244.

B. Non-staff costs

3. The costs for consultants include institutional and individual contracts for services that require specialized expertise not available within the secretariat. Costs are estimated on the basis of actual requirements and past expenditures for similar activities.

4. The costs for experts and expert groups encompass the costs of experts' travel, participation in meetings of constituted bodies and work on reviews. Costs are estimated on the basis of actual requirements and past expenditures.

5. General operating expenses include, inter alia, the costs of rental and maintenance of premises and equipment, communications, shipping and other contractual services required for meetings as well as the operation of the secretariat. Costs are estimated on the basis of actual requirements and historical data.
