

## Decision 23/CP.22. Input by the secretariat

1. **The COP requested the secretariat to explore options on ways to address outstanding contributions to the core budget, for the consideration of SBI 46.**

Following the mandate given in Decision 23/CP.22, paragraph 6, the Secretariat reached out to some entities in the UN system to identify methods that have been useful in promoting timely and complete payments of indicative contributions. Ways to address the issue within the UN system include:

- a. Frequency and clarity of relevant notifications and reminders,
- b. Incentives and
- c. Punitive measures

### *1.1. Frequency and clarity of relevant notification reminders*

The secretariat undertakes various efforts both to receive timely contributions by Parties as well as to settle, wherever possible, outstanding ones.

Every year, the secretariat sends a notification to all Parties informing them of their indicative contributions for the next year. This letter, following the provision in decision 15/CP.1, also informs parties the need of timely payment of the yearly contributions indicating that:

*(...) each Party shall, prior to 1 January of each year, inform the head of the Convention secretariat of the contribution it intends to make that year and of the projected timing of that contribution.*

In addition, if the Party has outstanding contribution, the letter also includes information thereof.

Reminder letters are also sent to Parties with outstanding contributions on a quarterly basis.

The Executive Secretary has reached out to Parties encouraging them to settle their outstanding contributions stressing that sufficient funding ,delivered in a timely and predictable manner, is vital for the planning and delivery of the mandates and initiatives that the secretariat has to fulfill.

The Secretariat recorded that there was an increase in the number of Parties that paid their contributions in full by 1 January, 2017. Document FCCC/SBI/2017/INF.04 provides details of the

status of contributions as at 15 April 2017. As at this date, sixty-five Parties had paid their contributions for 2017 which amount to 60.5 per cent of the indicative contributions for the year.

Annex 1 provides an analysis of outstanding indicative contributions from 2010 showing an increase in outstanding balance over the years.

### *1.2. Incentives*

Some international organizations have considered incentives to encourage Parties with outstanding contributions to honor their commitments.

These incentives may vary depending on the circumstances. Options include:

- Having Parties forego (totally or partially) the payment of outstanding contributions that might appear difficult to pay;
- Establishment of payment calendars that would enable Parties pay outstanding contributions according to their financial availability; and
- Establishment of programmes of support whereby Parties that might be willing and able could support the organization and specific Parties in their contributions.

In the case of UNFCCC, under the UN Financial Regulations and Rules that are applicable, there is no financial provision that would support such incentives; therefore, Parties would need to adopt the corresponding decisions to allow for such options.

### *1.3. Punitive measures*

Some UN entities have considered punitive measures to be applied in the case of delay of payments: e.g. the loss of voting rights, discontinuation of service, levying interest for late payment etc.

Parties to the UNFCCC may wish to consider this type of measure. However, this could be seen as contradictory to the high regard of the principle of inclusiveness that leads the UNFCCC process.

**2. The COP by decision 23/CP.22 (paragraph 8) also requested the secretariat to *explore options for increasing the flexibility of the funds in the Trust Fund for Supplementary Activities, for the consideration of SBI 46.***

UNFCCC mandated activities are funded from Core and Supplementary funds. The first reference to these supplementary funds for the budget of the UNFCCC can be found in Decision 19/CP.1, para 2, where Parties agreed on the need to receive extrabudgetary funding for the activities of the interim secretariat “*taking account of the desirability that contributions be untied*”.

There is no hierarchical relationship between activities funded by core or by supplementary funds.

On several occasions, Parties have agreed to give an additional mandate to the secretariat but have not increased the core budget to fulfil such a mandate which has frequently been funded through supplementary sources.

This has led to a situation in which delivery of some mandates depends to a great extent on the availability of supplementary resources.

Often, Parties that provide supplementary funding choose to condition their funding to the delivery of certain activities, limiting the flexibility for the secretariat<sup>[1]</sup>.

This situation is frequent in the United Nations system. It has particularly affected those programmes or entities that most heavily depend on supplementary funding by Parties, and this has been a concern for Member States who have addressed the issue both at the General Assembly and the ECOSOC. However, Parties can decide whether they want to condition their supplementary funding to a specific goal or programme.

Based on the above, there are some options that Parties could consider to address the issue of increasing the flexibility of the funds in the Trust Fund for Supplementary Activities under UNFCCC:

- (i) Parties may wish to call upon those providing supplementary funding, to consider making general contributions towards the Trust Fund for Supplementary Activities, to give the secretariat flexibility to assign resources for mandated activities for which the core budget does not provide sufficient funding.

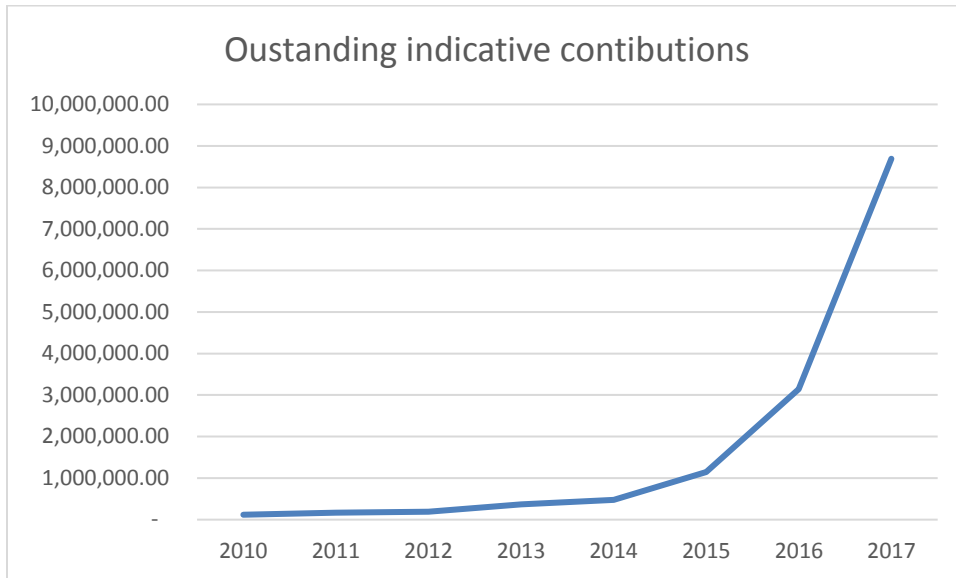
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<sup>[1]</sup> See Report by the Joint Inspection Unit of the United Nations: Voluntary contributions in UN system Organizations: impact on programme delivery and resource mobilization strategies. ([https://www.unjiu.org/en/reports-notes/archive/jiu\\_rep\\_2007\\_1\\_english.pdf](https://www.unjiu.org/en/reports-notes/archive/jiu_rep_2007_1_english.pdf))

- (ii) Parties could also consider that the funding requirements for the supplementary activities are grouped around thematic areas to which Parties can contribute without specifying to which programme or project funds should be applied. An example of such a pooled funding arrangement is contained in a discussion paper produced by The United Nations Development Group entitled: The role of UN pooled financing mechanism to deliver the 2030 Sustainable Development Agenda (<https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/qcpr/undg-paper-on-pooled-financing-for-agenda-2030.pdf>)

Annex 2 provides a summary comparing request to the Trust Fund for Supplementary Activities and Trust Fund for Participation with funds received for the period 2010 – 2017. The summary shows that since the biennium 2014-2015 the secretariat is receiving less supplementary funding than requested.

**Annex 1: Outstanding indicative contributions 2010 - 2017**



**Annex 2: Comparison of requests for contribution to the Trust Fund for Supplementary Activities and the Trust Fund for Participation to cash received for the two trust funds for the period 2010 – 2017.**

