

Briefing on the 2024-2025 programme budget for Parties

March 2023



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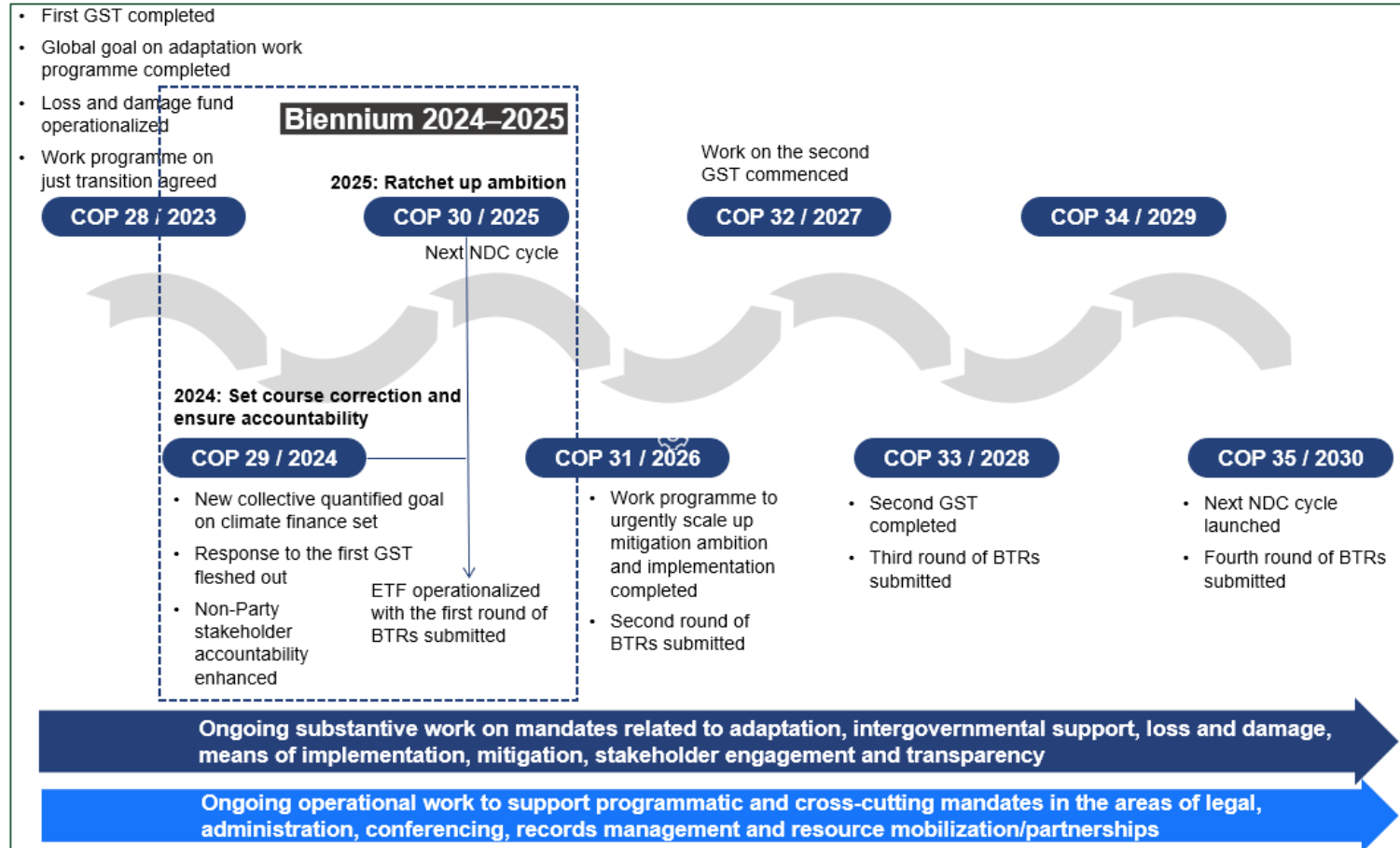


Budget Context

- The biennium 2024–2025 is **the first in which the Paris Agreement will be fully operational**. Actions and decisions taken in 2024 and 2025 will determine whether the world has a chance to reach the goals and objectives of the Paris Agreement. In order to achieve 2030 imperatives highlighted by science, **the UNFCCC process must deliver significant outcomes in the 2024–2025 biennium**.
- This budget is being presented in a highly volatile and complex geopolitical situation, including very challenging economic outlook. This necessitates that Parties view this budget as an **enabler towards a full and comprehensive implementation of the Paris Agreement**, which can in turn offset the impacts of the geopolitical and economic implications.
- The science has consistently shown that the current decade is critical for addressing **the global challenge of climate change**. At the same time, there is an urgent need to strengthen **resilience to the already severe impacts of climate change** and address associated **loss and damage**.



Roadmap 2023–2030



Focus in 2024–2025 (1/2)

In the biennium 2024–2025, the secretariat will focus in particular on:

- a) Supporting efforts to course-correct by addressing relevant outcomes of the first global stocktake and supporting Parties in preparing their next NDCs;
 - b) Supporting the full operationalization of the ETF, and the operationalization of the Santiago network for averting, minimizing and addressing loss and damage associated with the adverse effects of climate change
 - c) Supporting work on the new funding arrangements for addressing loss and damage associated with climate change impacts and the operationalization of the Santiago network;
 - d) Enhancing support for the formulation and implementation of NAPs, including through the doubling of adaptation finance and consideration of work on the global goal on adaptation;
 - e) Supporting the implementation of the work programme for urgently scaling up mitigation ambition and implementation referred to in paragraph 27 of decision 1/CMA.3;
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Focus in 2024–2025 (2/2)

- f) Supporting efforts to address, through agreed arrangements and adopted workplans, the impacts of the implementation of response measures;
- g) Fully operationalizing cooperative approaches under Article 6 of the Paris Agreement;
- h) Concluding the accounting and compliance process for the second commitment period under the Kyoto Protocol and its Doha Amendment;
- i) Strengthening support for the provision of means of implementation;
- j) Increasing the accountability of non-Party stakeholders in relation to voluntary climate initiatives;
- k) Strengthening communications and engagement on all substantive activities with a view to increasing climate action ambition and implementation;
- l) Strengthening the institution's operations, including the organization of meetings, workshops and documentation services, in order to support the programmatic work. ⁶



Building the Budget: Overall Objectives

The secretariat's work will continue to be guided by the following **overarching objectives**:

- 1) Facilitate intergovernmental engagement on responding to the threat of climate change by providing effective organizational, process, technical and substantive support for:
 - a) **Intergovernmental engagement:** Ongoing intergovernmental oversight of established processes and negotiation of revised or enhanced processes, as appropriate;
 - b) **Intergovernmental processes:** Operating established processes arising from the decisions of the COP, the CMP and the CMA;
- 2) **Constituted bodies:** Enable the constituted bodies to fulfil their mandates, including by providing effective organizational, process, technical and substantive support;
- 3) **Data and information management:** Manage a trusted repository of data and information in support of climate action and enhanced accountability of Parties and non-Party stakeholders;
- 4) **Enhanced engagement:** Facilitate greater engagement in the UNFCCC process in order to promote action towards the achievement of the objectives and goals of the Convention, the Kyoto Protocol and the Paris Agreement;
- 5) **Oversight and management:** Oversee and manage the secretariat's operations effectively and efficiently and foster innovation.



Building the Budget: Process

- The 2024–2025 budget has been formulated to provide **predictable and adequate resources** to allow the secretariat to **respond to the mandates and expectations of Parties** in a balanced manner
- Following a similar process to the 2022–2023 budget, the 2024–2025 budget is developed **from the ground up** through **comprehensive** and **participatory secretariat-wide efforts** that commenced in October 2022
- Each division took stock of its **specific mandates, functions and activities** and assessed opportunities for **any further innovation and efficiency gains** in terms of supporting the intergovernmental process and internal secretariat operations
- All budget proposals underwent a **rigorous multistep peer review** to avoid duplication of activities
- The proposals put forward by the divisions were consolidated and carefully reviewed **from a secretariat-wide perspective** for coherence, and adjustments were made to ensure that the proposed budget best responds to the priorities specified by Parties



Building the Budget: Categorizing Activities (1/2)

- All activities planned for 2024-2025 are categorized according to the type of mandates they support the same way as for 2022-2023:

Category 1: Essential activities

Category 2: Recurring or long-term activities

Category 3: Temporary or short-term activities

Category 4: Complementary activities beneficial to achieving the objectives and goals of the Convention, the Kyoto Protocol and the Paris Agreement

- These categories have been used in past two biennia and allow for clearer and meaningful comparison with previous budgets and in help with identifying trends
- In addition to the activities funded from core and supplementary resources, there are other activities across the different categories which will be **funded from other sources**, including the International Transaction Log budget, the Clean Development Mechanism and the Trust Fund for Participation in the UNFCCC Process

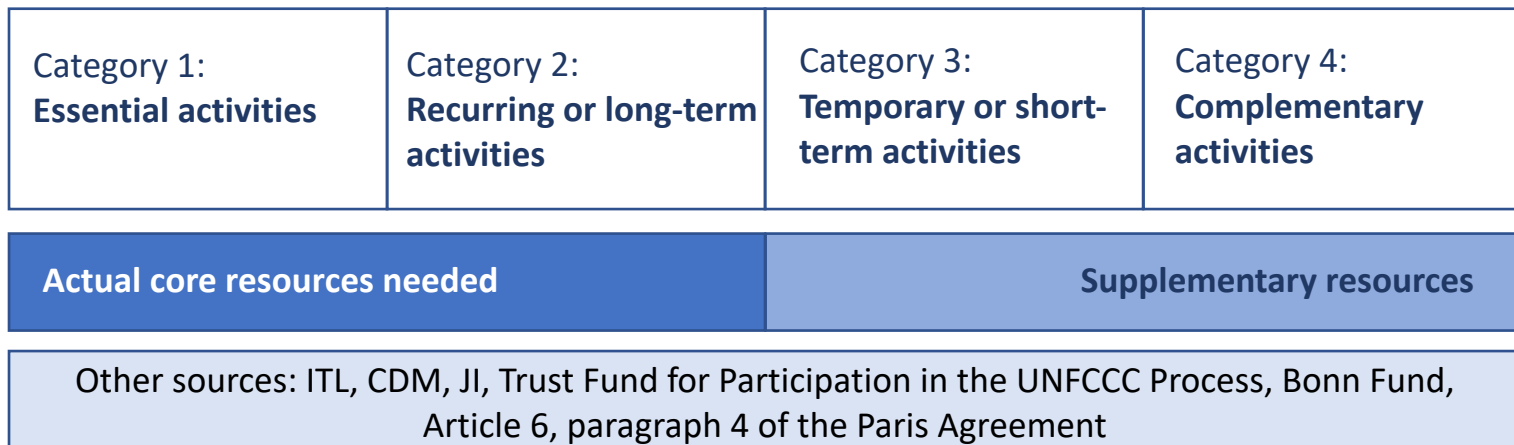


Building the budget: categorizing activities (2/2)

Activities assigned to the secretariat by the Convention, the Kyoto Protocol, the Paris Agreement, and through decisions and conclusions by the supreme and subsidiary bodies and workplans of constituted bodies



**Determining resource requirements
and categorizing all activities for 2024–2025**



Building the Budget: Defining Core Budget Scenarios

- An **actual needs** scenario assumes that all essential and recurring or long-term activities (category 1 and 2) are funded through the core budget, which would ensure predictability of resources and enable the secretariat to fully and reliably deliver on its mandates;
- A mandated **zero nominal growth (ZNG) scenario** retains the core budget at the same nominal value as for the biennium 2022–2023 and absorbs statutory and other unavoidable cost increases by reducing core staff posts and non-staff resources, resulting in a de facto reduction in the core budget, jeopardizing the sustainability of the UNFCCC process and of the secretariat and limiting support to critical recurring and long-term activities;
- A **proposed core budget** scenario takes into account Parties' current financial constraints and includes statutory and other cost increases as well as an increase in resources from 2022–2023 to facilitate the delivery of key activities.
- **The proposed core budget and the ZNG scenarios only differ in terms of their allocation of core and supplementary resources for category 2 activities**



Building the Budget: Summary

Activities assigned to the secretariat by the Convention, the Kyoto Protocol and the Paris Agreement, and through decisions and conclusions of the governing and subsidiary bodies



Determining resource requirements and categorizing all activities*

	Category 1: essential activities	Category 2: recurring or long-term activities	Category 3: temporary or short-term activities	Category 4: complementary activities
Actual core resources needed	EUR 122.6 million		EUR 105.3 million	Supplementary resources
Proposed core resources	EUR 82.7 million	EUR 39.9 million	EUR 105.3 million	Supplementary resources
Zero nominal growth core resources	EUR 62.3 million	EUR 60.2 million	EUR 105.3 million	Supplementary resources



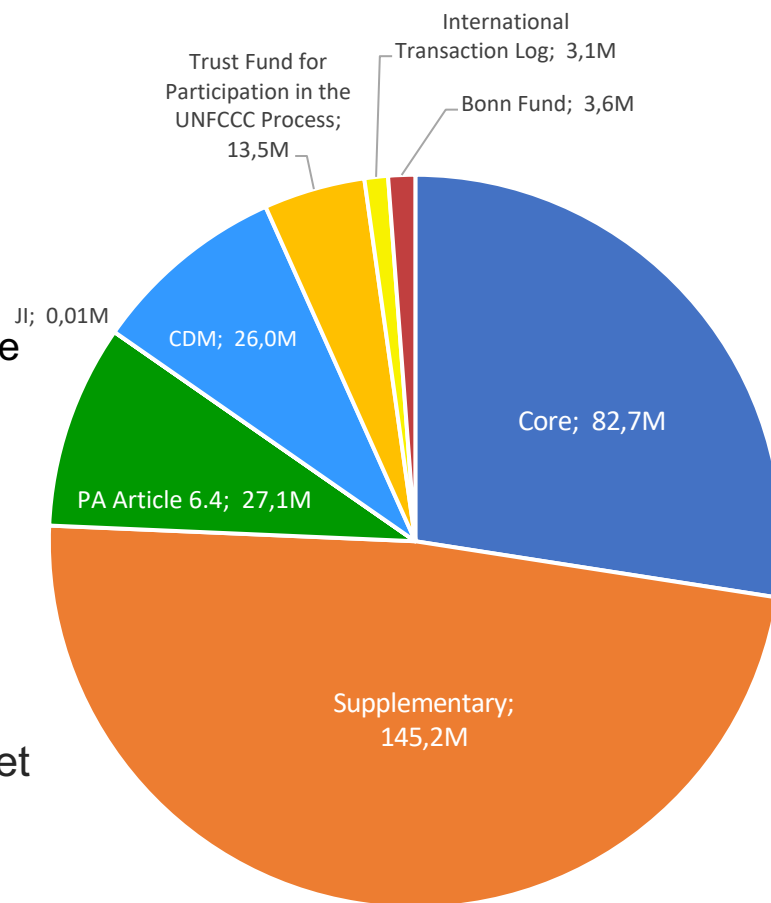
Other funding sources (EUR 73.3 million): Bonn Fund, CDM, ITL, JI, Trust Fund for Participation in the UNFCCC Process, Article 6, paragraph 4, of the Paris Agreement

* Note that budget estimates presented do not include the 7 per cent adjustment for future inflation and that owing to rounding, the amounts presented in the figure may not sum up as in table 1.

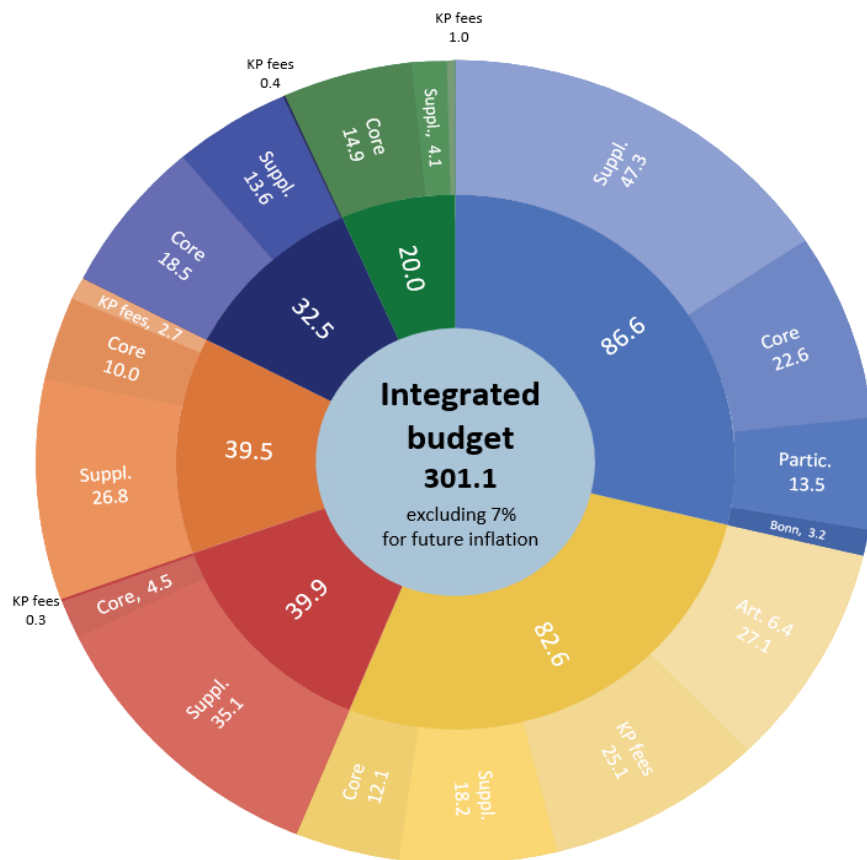


Proposed Total Integrated Budget 2024–2025

- **Total proposed integrated budget**, including all sources of funding:
EUR 322.2 million (+32.7%)
- It includes an **adjustment of 7 per cent for anticipated cost increases** (EUR 21.1 million) due to inflation expected in the remaining months of 2023 and in 2024–2025
- **Total number of required posts** across all sources of funding: **641 (+13.9%)**
 - 199 posts under the proposed core budget
 - 191 posts in the proposed supplementary budget
 - 63 posts under A6.4 of the Paris Agreement
 - 61 posts under the CDM MAP
 - 111 posts under overhead/cost recovery
 - 16 posts under other funding sources



Total Integrated Budget for 2024–2025 by Objective



Total integrated budget including 7% for future inflation: EUR 322.2m

- Intergovernmental processes:** Operating established processes arising from the decisions of the COP, the CMP and the CMA
- Constituted bodies:** Enable the constituted bodies to fulfil their mandates, including by providing effective organizational, process, technical and substantive support
- Enhanced engagement:** Facilitate greater engagement in the UNFCCC process in order to promote action towards the achievement of the objectives and goals of the Convention, the Kyoto Protocol and the Paris Agreement
- Data and information management:** Manage a trusted repository of data and information in support of climate action and enhanced accountability of Parties and non-Party stakeholders
- Intergovernmental engagement:** Ongoing intergovernmental oversight of established processes and negotiation of revised or enhanced processes, as appropriate
- Oversight and management:** Oversee and manage the secretariat's operations effectively and efficiently and foster innovation

Abbreviations: Core = proposed core budget; Suppl.= Trust Fund for Supplementary Activities; Partic. = Trust Fund for Participation in the UNFCCC Process; Bonn = Bonn Fund; Art. 6.4 = Budget for work on matters under Article 6, paragraph 4, of the Paris Agreement ; KP fees = Budgets for the mechanisms established under the Kyoto Protocol: Clean Development Mechanism, Joint Implementation



Total Integrated Budget Scenarios for 2022–2023 by Funding Source

Funding source	2024–2025				
	Proposed core budget scenario			Zero nominal growth scenario	
	EUR million	Posts		EUR million	Posts
Core budget	82.7	199		62.3	155
Supplementary budget	145.2	191		165.5	233
Article 6, paragraph 4, of the Paris Agreement	27.1	63		27.1	63
JI	0.01	–		0.01	–
ITL budget	3.1	4		3.1	4
CDM	26.0	61		26.0	61
Trust Fund for Participation in the UNFCCC Process	13.5	2		13.5	2
Bonn Fund	3.6	10		3.6	10
Overheads and cost recovery	–	111		–	113
Subtotal	301.1	641		301.1	641
Adjustment for inflation (7%)	21.1	–		21.1	–
Total	322.2			322.2	

Proposed core budget and ZNG only impact the core and supplementary budget.
See slides 11 and 12 for details on the differences between the Proposed core budget and ZNG.

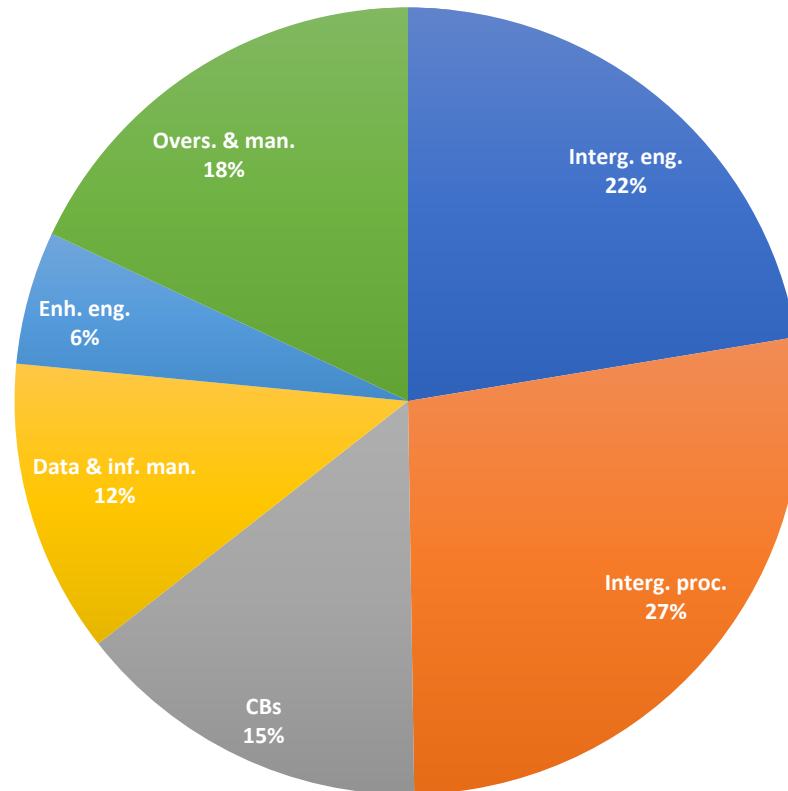


Proposed ZRG Core Budget for 2024–2025 compared to 2022–2023

Funding source	2022–2023		2024–2025 Proposed Core Budget		Change	
	Budget (EUR million)	Posts	Budget (EUR million)	Posts	Budget (EUR million)	Posts
Core budget	62.3	181	82.7	199	20.3	18
Supplementary budget	120.2	158	145.2	191	25.0	33
Article 6.4 of the Paris Agreement	13.7	20	27.1	63	13.4	43
Jl	0.4	1	0.01	-	-0.4	-1
ITL budget	3.9	6	3.1	4	-0.7	-2
CDM	28.2	78	26.0	61	-2.2	-17
Trust Fund for Participation in the UNFCCC Process	10.6	1	13.5	2	2.9	1
Bonn Fund	3.6	10	3.6	10		-
Overheads and cost recovery	–	108	–	111		3
Subtotal	242.8	563	301.1	641	58.2	78
Adjustment for inflation (7%)			21.1		21.1	
Total	242.8		322.2		79.3	



Proposed Core Budget by Objective



ZNG and proposed core budget for 2024–2025 by division/appropriation line as compared with 2022-2023

	Core budget 2022-2023		Proposed core budget 2024-2025			ZNG 2024-2025		
	EUR million	Posts	EUR million	Posts	EUR million	Pos ts		
Executive	3.8	15	4.9	(1.1)	16	3.9	(0.1)	11
Programmes	29.9	105	39.3	(9.4)	115	29.9	(0)	92
<i>Programmes coordination</i>	0.5	2	0.7	(0.2)	2	0.6	(0.1)	1
<i>Adaptation</i>	6.5	22	8.3	(1.8)	23	6.4	(-0.1)	19
<i>Mitigation</i>	3.7	14	4.6	(0.9)	15	3.6	(-0.1)	12
<i>Means of Implementation</i>	6.3	22	7.8	(1.5)	23	6.4	(0.1)	19
<i>Transparency</i>	12.8	45	17.8	(5)	52	12.8	(0)	41
Operations	12.8	30	17.9	(5.1)	35	12.8	(0)	26
<i>Operations coordination</i>	1.2	5	1.8	(0.6)	5	1.1	(-0.1)	3
<i>Secretariat-wide costs</i>	2.9	-	3.9	(1)	-	2.9	(0)	-
<i>AS/HR/ICT</i>	3.8	7	4.9	(1.1)	8	3.8	(0)	6
<i>Conference Affairs</i>	2.6	10	4.3	(1.7)	13	2.7	(0.1)	10
<i>Legal Affairs</i>	2.4	8	3.1	(0.7)	9	2.3	(-0.1)	7
Cross-cutting	8.1	31	10.6	(2.5)	33	8.2	(0.1)	26
<i>Intergovernmental Support and Collective Progress</i>	4.0	16	5.3	(1.3)	17	4.1	(0.1)	13
<i>Communication and Engagement</i>	4.1	15	5.3	(1.2)	16	4.1	(0)	13
IPCC	0.5	-	0.5	(0)	-	0.5	(0)	-
Total appropriations	55.2	181	73.1	(17.9)	199	55.2	(0)	155
<i>Programme support costs</i>	7.2		9.5			7.2		
Sub-total	62.3	181	82.7	(20.4)	199	62.3	(0)	155
<i>Adjustment for inflation (7%)</i>			5.8	(5.8)		4.4	(4.4)	
<i>Working capital adjustment</i>	0.1		1.1	(1.0)		0.2	(0.1)	
Grand total	62.5	181	89.5	(27)		66.9	(4.4)	



*(In brackets): difference to the core budget 2022-2023 in EUR million



Divisional budget distribution between Core and Supplementary

	Proposed core		Supplementary		Total	Proportion of core versus supplementary
	EUR million	% of core in total	EUR million	% of suppl. in total	EUR million	
Executive	4.9	100.0	–	–	4.9	
Programmes	39.3	30.9	87.6	69.1	126.9	
<i>Programmes coordination</i>	0.7	33.6	1.4	66.4	2.1	
<i>Adaptation</i>	8.3	42.7	11.1	57.3	19.4	
<i>Mitigation</i>	4.6	14.9	26.4	85.1	31.1	
<i>Means of Implementation</i>	7.8	44.3	9.9	55.7	17.7	
<i>Transparency</i>	17.8	31.5	38.8	68.5	56.6	
Operations	17.9	58.4	12.8	41.6	30.7	
<i>Operations coordination</i>	1.8	21.5	6.7	78.5	8.5	
<i>Secretariat-wide costs</i>	3.9	100.0	–	–	3.9	
<i>AS/HR/ICT</i>	4.9	61.0	3.1	39.0	8.0	
<i>Conference Affairs</i>	4.3	89.8	0.5	10.2	4.7	
<i>Legal Affairs</i>	3.1	55.3	2.5	44.7	5.6	
Cross-cutting	10.6	27.3	28.1	72.7	38.7	
<i>Intergov. Support and Progress</i>	5.3	51.5	5.0	48.5	10.3	
<i>Communications and Engagement</i>	5.3	18.5	23.1	81.5	28.4	
IPCC	0.5	100	–	–	0.5	
Total appropriations	73.1	36.3	128.5	63.7	201.7	

50%

Summary of the 2024–2025 Budget

Activities assigned to the secretariat by the Convention, the Kyoto Protocol and the Paris Agreement, and through decisions and conclusions of the governing and subsidiary bodies



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Tentative Timeline for the 2023 Budget Approval Process

March/April

Publication of the main budget document and the ITL budget document (advance copies in English of both budgets were published on 22 March 2023), the work programme (to be published in Early April 2023)

12th and 13th April

Virtual budget briefing session

June

Briefing during pre-sessional period and SBI 58 consideration of the budget

September

Indicative core contributions for 2024 to be sent to the Parties for inclusion in national budgets

Nov-Dec

Formal adoption of the budget decisions by COP 28, CMP 18 and CMA 5



Next steps

Thank you for following the presentation.

