

DRAFT ORAL REPORT for the SBI chair for the SBI 47 closing plenary meeting

1. The SBI, at its 46th session held in May this year, requested the secretariat to organize a technical workshop on the margins of SBI 47 to discuss possible ways to increase the efficiency and transparency of the budget process,
2. The workshop took place on Wednesday November 8, 2017, from 10:00 to 1:00 pm. I am pleased to note that attendance at the workshop was high, with about 60 Parties represented, and over 100 Party representatives present. A very useful and constructive discussion took place.
3. The session was chaired by Deputy Executive Secretary, Ovais Sarmad.
4. The agenda covered the four topics requested by the Parties:
 - a. Options to increase flexibility of the funds in the Trust Fund for Supplementary Activities;
 - b. Ways to address outstanding indicative contributions to the core budget;
 - c. The allocation of resources in the Trust Fund for the Core Budget of the UNFCCC and the Trust Fund for Supplementary Activities;
 - d. The level of the working capital reserve.
5. Given the importance of funding for participation, the workshop agenda also included a fifth topic, on the Trust Fund for Participation in the UNFCCC process.
6. Parties welcomed the information provided and the new insight it offered them into the management of the financial resources of the secretariat.
7. Many Parties agreed that greater flexibility in the Trust Fund for supplementary activities was desirable. It was also noted that supplementary funding is by its very nature, provided to supplement the core funding, and that some countries' internal regulations required earmarking contributions to specific activities based on their priorities.
8. Parties expressed concern over the degree to which late and outstanding indicative contributions to the core budget might impact the secretariat's ability to undertake mandated activities in a timely manner. It was recommended that more efforts be made to raise awareness of Parties of the situation both in multilateral fora and bilaterally.
9. Parties took note of the impact of late contributions on the Working Capital Reserve under the UNFCCC core budget, which has not been sufficient in recent years to cover the gap in funding at the end of the year. Several views were expressed on whether to increase the reserve. Some Parties expressed the view that an increase in the Working Capital was not the appropriate measure to deal with long outstanding indicative contributions.

10. Parties welcomed the stated intention of the secretariat to undertake a comprehensive review of the allocation of core budget and supplementary resources and the underlying principles. They noted the importance of completing this work in a timely manner so as to inform budget negotiations which will begin in 2019, and requested an interim report on the plan of work at SBI 48 in April/May 2018.
11. In relation to the Trust Fund for Participation in the UNFCCC Process, Japan announced an additional contribution to the fund of USD 20,000. The secretariat welcomed this announcement and thanked the Government of Japan.
12. Some Parties expressed a desire to have the eligibility criteria for funding under the Trust Fund for Participation revised, while others supported keeping the current criteria based on gross domestic product per capita.
13. The secretariat noted that 144 Parties were eligible for funding under the Trust Fund for the current session and that 143 of them took advantage of the funding for participating in COP 23.
14. The secretariat thanked all those who attended the workshop and who provided their input and feedback on these important issues relating to the financial management. The secretariat welcomed all the input and will be further considering and consulting with Parties to guide ongoing improvements to the budget process.
15. This report is presented to provide Parties with a quick overview of the outcome of the technical workshop. As requested by SBI 46, the secretariat will prepare a full report on the outcome of the workshop for consideration at SBI 48, in April-May 2018.
16. As requested by the Parties, all workshop briefs and presentations are available on the UNFCCC website.