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**Medium-term strategy, programme of work and
budget, and other administrative and budgetary
issues: other administrative and budgetary issues**

**Report of the Advisory Committee on Administrative and
Budgetary Questions on the proposed programme of work and
budget for the biennium 2018–2019**

The present document sets out the report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme of work and budget of the United Nations Environment Programme for 2018–2019, dated 20 April 2016.

* UNEP/EA.2/1.

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the report of the Executive Director of the United Nations Environment Programme (UNEP) on the proposed programme of work and budget for the biennium 2018–2019 (UNEP/EA.2/16). During its consideration of the report, the Advisory Committee met with the Deputy Executive Director and other representatives of UNEP, who provided additional information and clarification, concluding with written responses which were received by the Advisory Committee on 16 March 2016.

II. Proposed budget for 2018–2019

2. The proposed overall budget amounts to \$784 million, representing an increase of \$111 million as compared to the budget for 2016–2017. The proposed budget broken down by funding category comprises \$271 million under the Environment Fund; \$305 million under trust and earmarked funds; \$140 million under Global Environment Facility trust funds; \$33 million under programme support costs; and \$35 million under the regular budget of the United Nations (UNEP/EA.2/16, para. 7 and table 1(a)).

3. Staffing is projected at a total of 875 posts, representing an increase of 38 posts as compared to 2016–2017. Table 1 (b) of the report provides total human resource requirements by funding category: 426 posts under the Environment Fund; 195 posts under trust and earmarked funds; 62 posts under Global Environment Facility trust funds; 76 posts under programme support costs; and 116 posts under the regular budget of the United Nations.

4. The Executive Director indicates that in developing the proposed budget, the starting point was to identify UNEP mandates, the results required to fulfil those mandates and historical trends in income and expenditure, following which regular budget funding was taken into account, and the results were mapped onto the existing human resource and capability structure. The report states that UNEP did not therefore use the 2014–2015 or 2016–2017 budget figures as a reference, but created a new baseline based on the functions that staff currently perform against each subprogramme (UNEP/EA.2/16, paras. 18 and 19).

5. In terms of the UNEP funding strategy, it is envisaged that the Environment Fund and the regular budget should finance the core functions of the UNEP secretariat, including the implementation of its medium-term strategies through its programmes of work, while earmarked funding should focus on strengthening the activities that support those core functions (UNEP/EA.2/16, para. 29). With respect to resource mobilization, the report states that, to date, actual income has never matched the targeted budget level of the Environment Fund; accordingly, in 2016 the UNEP secretariat will increase its efforts to reach out to all Member States with the intention of increasing the level of Environment Fund contributions and ensuring longer-term improvements in the Programme's funding (UNEP/EA.2/16, paras. 51–53).

6. The Advisory Committee notes that the proposed budget for 2018–2019 includes an allocation of \$35.3 million from the regular budget, which represents the same amount as that approved by the General Assembly for the biennium 2016–2017 in resolutions 70/247 and 70/249 (UNEP/EA.2/16, table 1(a)). In accordance with previous practice, the Advisory Committee will examine the proposed resources related to the regular budget in the context of its consideration of the proposed programme budget for the biennium 2018–2019, and will make its observations and recommendations on the UNEP regular budget resources at that time. The Advisory Committee therefore considers the regular budget resources presented in the Executive Director's report to be preliminary indicative estimates at this stage.

7. Upon enquiry, the Advisory Committee was informed that the United Nations Environment Assembly will review the proposed programme of work and budget for the biennium 2018–2019 at its second session in May 2016, as regular sessions of the Environment Assembly are currently held in even years. The Committee also considered a note by the Executive Director to the Committee of Permanent Representatives on the cycle of Environment Assembly sessions, including an analysis of the implications of a shift from the current even year cycle to an odd year cycle.

8. The Advisory Committee notes that under the current scheduling of the United Nations Environment Assembly sessions, the proposed programme of work and budget for the biennium 2018–2019 was submitted for its consideration almost two years in advance, when budget performance information for the biennium 2016–2017 was not available. The Advisory Committee is of the view that it would be more meaningful to examine the proposed budget with the benefit of budget performance information for 2016–2017 closer in time to the proposed biennium. In the light

of these observations, the Committee has decided to refrain from making recommendations at this early stage on the proposed biennial programme of work and budget for 2018–2019.

III. Other matters

9. The report states that the programme of work is guided by the medium-term strategy for the period 2018–2021, which builds on the outcome document of the United Nations Conference on Sustainable Development, “The future we want”, and the 2030 Agenda for Sustainable Development (UNEP/EA.2/16, para. 4). The Advisory Committee notes that the next quadrennial comprehensive policy review for the period 2017–2020 will be considered by the General Assembly later in 2016, and trusts that the UNEP programme of work and medium-term strategy will be aligned accordingly.

10. Under executive direction and management, the report states that an expected accomplishment of the secretariat is strengthened accountability of UNEP as a results-based organization. One of the indicators of achievement is “percentage of accepted audit and investigation recommendations that are acted upon”, with a similar unit of measure, “percentage of audit and investigation recommendations acted upon” (UNEP/EA.2/16, para. 61 (d) (i)). The Advisory Committee was informed upon enquiry that the references in the indicator of achievement and unit of measure to recommendations that have been “acted upon” refer to recommendations that have been “fully implemented”. Considering that the indicator of achievement and unit of measure refer to recommendations from audit and investigation bodies, and noting the importance of measuring their implementation, the Advisory Committee is of the view that for the sake of clarity, the indicator of achievement should read “percentage of accepted audit and investigation recommendations that are fully implemented”, and the unit of measure should read “percentage of audit and investigation recommendations that are fully implemented”.

11. Annex I to the report provides the status of implementation of the recommendations of the Board of Auditors for the year ended 31 December 2014. The Executive Director indicates that the Board issued eight recommendations, all of which were accepted and are under implementation. The Advisory Committee will review the status of implementation of the recommendations of the Board of Auditors in the context of the Board’s report on UNEP for the year ended 31 December 2015.
