

2020 CIVIL BUDGET RECOMMENDATIONS

EXECUTIVE SUMMARY

1. The 2019 gross Civil Budget approved by Council constituted the 2019 Civil Budget ceiling, and was established at a level of EUR 250,519,282. This amount comprises EUR 44,759,500 for the NATO Pension Schemes, and EUR 205,759,782 for core Civil Budget requirements (including the International Board of Auditors for NATO (IBAN)). Within the level of funding provided, the International Staff has been able to execute 2019 planned requirements and respond to in-year emerging requirements.
2. The attribution of funding for 2020 continues to reflect the core tasks of the Alliance (Crisis Management and Operations, Collective Defence, and Cooperative Security), and the operation of the NATO Headquarters (NHQ). Resources have been allocated to implement requirements linked to Wales, Warsaw and Brussels Summit deliverables and Heads of State and/or Government decisions, as well as Council-approved elements of the on-going Functional Review of the NHQ. The financial impact of decisions on the NHQ Functional Review, resourced in 2019 through prior years' lapsable appropriations, is reflected in the 2020 core Civil Budget baseline, which, in comparison to 2019, is adjusted by some EUR 4.0 million of structural costs and EUR 2.0 million of structural savings to a level of EUR 207,754,168.
3. Estimations for the 2020 core Civil Budget were presented to the Budget Committee at a level of EUR 214.2 million, a net increase of 3.1% (EUR 6.4 million) above 2019 (EUR 207.8 million). This was considered a significant increase by several nations in comparison to the 2019 Civil Budget and to the annual adjustment of many national budgets, and precipitated a detailed examination of the core operational requirements to address the concerns of these nations. Assisted by the additional information received from International Staff subject matter experts, the Budget Committee, through a combination of budget reductions and the application of additional risk management, reduced the 2020 core Civil Budget estimates (including the IBAN) to EUR 211,219,160 (or 1.7% above 2019).
4. Requirements for the IBAN, are recommended in an amount of EUR 3,664,114, an increase of 0.7% (EUR 27,060) in comparison to 2019.
5. Funding for the NATO Pension Schemes is recommended in an amount of EUR 45,261,000. This is an overall increase of 1.1% (EUR 501,500) in comparison to 2019. The recent Council decision amending the Coordinated Pension Scheme Rules in relation to the annual indexation of pensions and Staff Members' contributions to the Defined Benefit Pension Scheme has been taken into consideration.
6. The International Staff has identified efficiencies in the anticipated amount of EUR 5.2 million, comprising cost avoidance measures, savings or additional income in the areas of service, structural and staff costs. The Budget Committee continues to support endeavours to deliver the forecast savings and efficiencies, and encourages the International Staff to instigate new initiatives and to complete open work-strands as part of the staff's continuing efforts to drive additional efficiencies and savings to the extent possible.

7. The International Staff will continue to further implement Operational Performance Measurement (OPM), particularly the identification and measurement of key outcomes for the 2021 budget cycle. This should be done in concert with the ongoing review of programme management and the development of a Risk Management Framework for the NHQ.

8. In relation to the risks identified by the International Staff for 2020, the Budget Committee notes that should mitigation efforts fail and identified risks materialise, the International Staff will look to offset the impact within available resources.

9. Taking these factors into consideration, the Budget Committee recommends a gross Civil Budget for 2020 in the amount of EUR 256,480,160, an increase of 1.6% in comparison to 2019. Nations' contributions to the 2020 gross civil budget may be offset by EUR 13,011,052, the projected level of income from commercial operations and IS services rendered to other NATO and non-NATO entities, and EUR 663,827 of miscellaneous income. This would result in a net Civil Budget contribution of EUR 242,805,281, an increase of 1.7% compared to 2019.

Description	2019	2020	2020-2019 Change	% Change
Core Civil Budget (excluding IBAN)	204,117,114	207,555,046	3,437,932	1.7%
IBAN	3,637,054	3,664,114	27,060	0.7%
TOTAL CORE CIVIL BUDGET (EUR)	207,754,168	211,219,160	3,464,992	1.7%
NATO Pension Schemes	44,759,500	45,261,000	501,500	1.1%
TOTAL GROSS CIVIL BUDGET (EUR)	252,513,668	256,480,160	3,966,492	1.6%
<i>Projected Income</i>	<i>(13,717,560)</i>	<i>(13,011,052)</i>	<i>706,508</i>	-
<i>Group Insurance Compensatory Payment</i>	-	<i>(663,827)</i>	<i>(663,827)</i>	-
TOTAL CIVIL BUDGET CONTRIBUTION (EUR)	238,796,108	242,805,281	4,009,173	1.7%