

2016 CIVIL BUDGET RECOMMENDATIONS

EXECUTIVE SUMMARY

1. The Budget Committee considers that the resources provided for 2015 were sufficient to meet planned requirements and to respond to unplanned, emergent requirements. The 2015 Civil Budget will be executed within the agreed ceiling and was subject to Execution Reviews during the fiscal year to provide oversight and timely, responsive budgetary adjustments when required.

2. The period 2016 to 2017 represents a period of transition for NATO Headquarters and the International Staff as it continues to adapt to changes in the security environment, gears itself towards moving to the new NATO Headquarters site and works to improve the nations' need for accountability and transparency in the way NATO's resources are governed and put to use.

3. In acknowledgment of these factors, for the first time since 2011, nations have exceptionally granted an increase to the 2016 core Civil Budget ceiling above Zero Nominal Growth (ZNG) by 1.43% to EUR 184,600,000. Combined with the 2016 estimates for the NATO Pension Schemes in an amount of EUR 37,958,900, the 2016 Civil Budget totals EUR 222,558,900 an overall increase of 1.93% in comparison to 2015.

Description	2015 Approved (EUR)	2016 Requested (EUR)	Delta 2016-2015 (EUR)	Delta 2016-2015 %
Core Civil Budget (excluding IBAN)	178,442,505	181,043,937	2,601,432	1.46%
IBAN	3,553,495	3,556,063	2,568	0.07%
Core Civil Budget (CB)	181,996,000	184,600,000	2,604,000	1.43%
NATO Pension Schemes	36,347,600	37,958,900	1,611,300	4.43%
TOTAL CIVIL BUDGET	218,343,600	222,558,900	4,215,300	1.93%

4. The allocation of 2016 core Civil Budget funding in the amount of EUR 184,600,000 continues to reflect the three core tasks of the Alliance: Crisis Management and Operations, Collective Defence and Cooperative Security. This includes the resources required to meet the International Staff's Council-mandated tasks stemming from the Wales Summit and associated with the lead-up to the Warsaw Summit. Funding has also been allocated to meet requirements associated with the move to the New NATO Headquarters (NNHQ).

5. The International Staff manning changes proposed for 2016 also reflect the priorities of the Alliance with the majority of the staffing changes benefitting the three core tasks, particularly in the areas of Cyber Defence, Defence Capacity Building and Cooperative Security, Accountability and Capability Planning and Development. The proposed staffing changes also further the implementation of the New NATO Headquarters Concept of Operations (CONOPS) and the implementation of the NATO Headquarters Commercial Operations Business Plan 2015-2019. Noting the limitations of the current post prioritisation process, the Budget Committee has invited the International Staff to explore possibilities to evolve this process so as to encompass the functions of all of the International Staff Establishment posts.

6. Requirements for the International Board of Auditors (IBAN) are recommended in an amount of EUR 3,556,063, a slight increase of 0.07% over the 2015 allocation to fund the 2016 Salary adjustment, which, for the most part, is offset by the downgrading of two further A4-grade posts as the recommendations of the Business Case on Strengthening the External Audit Function in NATO continue to be implemented.

7. The Budget Committee notes requirements for the NATO Pension Schemes continue to increase, driven mainly by the increase in the NATO Defined Benefit Pension Scheme (DBPS). Overall the NATO Pension Schemes are forecast to increase by some 5% per annum over the Medium Term Planning Period 2017-2021, whilst the actual 2016 budget estimates for Pensions have increased at a rate of 4%. The Committee notes that the cessation of Leaving Allowances as of 01 July 2015 has removed a significant variable in the estimation of the DBPS and that 2016 will likely be the last year that Employer contributions are required for the Provident Fund.

8. Notwithstanding nations' agreement to increase the 2016 Civil Budget ceiling, nations are of the view that there remains, as yet, unexploited scope to increase the output derived from nations' contributions to the Alliance to ensure that maximum use is being made of all available resources. During the course of 2016, the Budget Committee has committed itself to working with the International Staff to develop and agree a schedule to deliver a substantial package of reforms in relation to Civil budgetary practices and procedures and Medium Term Planning.