

2018 CIVIL BUDGET RECOMMENDATIONS

EXECUTIVE SUMMARY

1. 2017 was considered a transition year for the Civil Budget. This was recognised by nations in the level of funding provided as NATO Headquarters continued to adapt to the changes in the security environment and prepared itself for the move to the new NATO Headquarters (NNHQ) facility. The 2017 gross Civil Budget was approved at the level of EUR 234,380,100, comprising EUR 40,959,100 to fund the NATO Pension Schemes and EUR 193,421,000 for the core Civil Budget to fulfil core and other operational requirements, including tasks stemming from the Wales and Warsaw Summits. Within the level of funding provided, the International Staff has been able to execute 2017 planned requirements and respond to in-year emerging requirements.
2. The attribution of funding for 2018 continues to reflect the three core tasks of the Alliance (collective defence, crisis management and operations, and cooperative security). New and/or additional resources have been allocated to the areas of Counter Terrorism, Projecting Stability, Intelligence, Deterrence and Collective Defence, Crisis Response and Risk Reduction, as reaffirmed by Heads of State and Government.
3. NATO Headquarters was originally planned to move into its new facility by the end of 2017 and the level of funding requested in the 2018 Civil Budget was predicated on this move date. The resources required to operate and maintain a technologically advanced facility are significant and this too is recognised in the level of funding recommended for 2018, albeit that a delay in the move into 2018, with an exact move schedule is yet to be confirmed.
4. The International Staff Establishment changes to be implemented in 2018 benefit the three core tasks of the Alliance, particularly the areas of strategic emphasis. The 2018 International Staff Establishment reflects the results of the functional prioritisation process that encompasses all staff functions. This outcome was facilitated by the Secretary General's extended delegated authorities and has enabled the reprioritisation of resources to meet the highest priorities of the Alliance and to partially offset the 2018 annual salary adjustment.
5. Requirements for the International Board of Auditors (IBAN) are recommended in an amount of EUR 3,641,471, i.e. virtually unchanged compared to 2017.
6. Requirements for the NATO Pension Schemes continue to increase, driven mainly by the increase in the NATO Defined Benefit Pension Scheme (DBPS). The recommended amount for 2018 Pension requirements is EUR 43,534,700. This is an increase of 6.3% in comparison to 2017.
7. Efforts also continue to further improve the efficiency of the NATO Headquarters and the staff initiated the development of an Efficiencies Plan and a mechanism for

tracking the delivery of efficiencies which will be presented in the first quarter of 2018. Ongoing efforts have already identified efficiencies for 2018 and nations are eager to see this work continued with a view to produce further structural efficiencies. Furthermore, the implementation of Operational Performance Measurement (OPM) will allow nations to directly relate the resources provided to the Civil Budget deliverables.

8. Identifying the resources required to fully fund the 2018 Summit has been the highest priority for nations. During its discussions on the 2018 budget, the Budget Committee has identified resources in the form of lapsable appropriations and savings which, potentially augmented by the reallocation of 2018 Civil Budget appropriations if needed, will be sufficient to fund all summit requirements without the need for an additional call for funds to nations.

9. During its deliberations, the Budget Committee noted that the staff, through the application of risk management had managed to keep the 2018 Civil Budget within the approved envelope. In its endeavour to ensure funding of the 2018 Summit, after a careful review of the requirements, the Budget Committee recommended to freeze some activities with a view to reallocating the associated funds to summit requirements.

10. Taking these factors into consideration, the Budget Committee recommends a gross Civil Budget for 2018 in the amount of EUR 245,768,957, an increase of 4.9% compared to 2017. Nations' contribution to the 2018 gross Civil Budget may be reduced by EUR 11,553,695 the estimated income from commercial operations and services rendered to other NATO and non-NATO entities, noting that this amount is likely to be revised due to the delay in moving to the new facility, which is a concern to nations as this would affect the level of the national 2018 contributions. Based on the current estimated level of income, this will result in a total Civil Budget contribution of EUR 234,215,262, an increase of 4.6% compared to 2017.

Description	2018	2017	Delta 2018-2017	Delta 2018-2017 (%)
Core Civil Budget (excluding IBAN)	198,592,786	189,783,956	8,808,830	4.6%
IBAN	3,641,471	3,637,044	4,427	0.1%
Sub-total core Civil Budget	202,234,257	193,421,000	8,813,257	4.6%
NATO Pension Schemes	43,534,700	40,959,100	2,575,600	6.3%
TOTAL GROSS CIVIL BUDGET	245,768,957	234,380,100	11,388,857	4.9%
<i>Estimated Income</i>	-11,553,695	-10,370,260	-1,183,435	11.4%
TOTAL CIVIL BUDGET CONTRIBUTIONS	234,215,262	224,009,840	10,205,422	4.6%

11. The 2018 gross Civil Budget amount is composed of EUR 202,234,257 for the core Civil Budget, including IBAN and EUR 43,534,700 for NATO Pension Requirements, an increase of 4.6% and 6.3%, respectively, in comparison to 2017.