



## Glossary of key budget terms<sup>1</sup>

Term	Definition
Annual estimated expenditure	The biennial core budget is based on estimates of annual expenditure, categorised by lines of appropriation.
Appropriation line	An appropriation is a legal authorization to incur financial obligations for a specific purpose from a specific account over a specific period of time. Appropriations typically limit expenditures to a specific amount and purpose within a fiscal year or the biennial timeframe. For example, the UNFCCC core budget (see: “Core budget”) contains estimates of annual expenditure broken down by appropriation lines representing specific areas of work (for example: Adaptation, Conference Affairs, Legal Affairs, Mitigation) and is limited to a two-year period (biennium).
Bonn Fund	Trust Fund for the Special Annual Contribution from the Government of Germany. The fund is financed from a voluntary contribution from the Host Government of the secretariat designed to finance secretariat support to UNFCCC events taking place in Bonn, Germany, including workshops and arrangements for sessions of the subsidiary bodies.
CDM Management Plan	The Executive Board of the Clean Development Mechanism prioritises and allocates resources, via a supporting two-year management plan (MAP), to activities that support the achievement of goals and objectives. The MAP defines the work and associated resource requirements for the Board and its support structure to achieve the goals and objectives of its business plan.

<sup>1</sup> A comprehensive glossary of climate change acronyms and terms can be found here: <https://unfccc.int/process-and-meetings/the-convention/glossary-of-climate-change-acronyms-and-terms#k>



Term	Definition
Conferences and other recoverable costs	The secretariat has a special account for conferences and other recoverable costs, financed from voluntary contributions. The funds are used to cover the costs associated with the hosting of the sessions of the COP under the Host Country Agreement, including the cost of travel of staff from the UNFCCC secretariat and UN security and conference services staff supporting the COP sessions. These funds do not cover conference service costs financed from the regular budget of the United Nations adopted by the General Assembly (see “Contingency budget for conference services”) This special account is also used to finance the added operational costs of temporary split office arrangements in Bonn and the costs related to consolidating the entire secretariat on the UN Campus.
Contingency budget for conference services	The costs of conference services (mainly interpretation at meetings, translation, reproduction and distribution of documents and related services) for up to two sessions of the Convention bodies annually are covered by the United Nations Office at Geneva or other United Nations offices and financed from the regular budget of the United Nations adopted by the General Assembly. A contingency budget is included in the UNFCCC programme budget to cover the cost of such services in the event that the General Assembly does not continue this practice.
Contribution from the Host Government	The Government of Germany, as the host of the secretariat, provides an annual contribution to the UNFCCC core budget in addition to its contribution made on the basis of the indicative scales of contributions for the Convention and the Kyoto Protocol.
Core budget	In accordance with the UNFCCC financial procedures (see “Financial Procedures for the UNFCCC”) the Executive Secretary prepares the core administrative budget for the following biennium. The Conference of the Parties considers the proposed budget and adopts a budget by consensus prior to the commencement of the financial period that it covers. The Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol endorses the budget decision as it applies to the Kyoto Protocol. The core budget is financed from contributions by all Parties based on indicative scales of contributions and by a contribution by the Host Government. (see “Indicative scales of contributions”, and “Contribution from the Host Government”)



Term	Definition
Core resources	Core resources are the funds contributed to the core budget (see “Core budget”) available for the appropriations, including revenues, fund balances and fund transfers. These resources are used to support the core functions of the secretariat.
Divisional structure / secretariat structure	<p>In the context of the review of the secretariat structure and operations it was decided to align names of different areas of the secretariat with standard UN terminology used for describing organizational structures. In that context, secretariat units previously called programmes are now referred to as divisions. The divisions are organized into two departments:</p> <ul style="list-style-type: none"><li>○ Programmes, comprising: Adaptation, Mitigation, Means of Implementation, and Transparency as divisions;</li><li>○ Operations, comprising: Administrative Services/HR/ICT, Conference Affairs and Legal Affairs as divisions</li></ul> <p>In addition, there are two cross-cutting divisions (Intergovernmental Support and Collective Progress; and Communications and Engagement), and the Executive division.</p>
Fees	A fee is a payment made to the secretariat in exchange for a transaction or service. As an example, the secretariat accepts fees for project registration and Share of Proceeds to cover administrative expenses under the Clean Development Mechanism, as well as fees to cover the resource requirements of activities relating to the International Transaction Log.
Financial Procedures for the UNFCCC	Financial procedures for the Conference of the Parties to the United Nations Framework Convention on Climate Change, its subsidiary bodies and its permanent secretariat (decision 15/CP.1, annex).
Indicative scales of contributions / indicative contributions	Contributions by all Parties to the core budget (see “Core budget”) are based on indicative scales adopted by the COP and the CMP, respectively. The indicative scales are based on the United Nations scale of assessments as adopted by the General Assembly (decisions 15/CP.1, annex and 17/CP.4).



Term	Definition
Integrated budget	A consolidated budget including all secretariat funding sources covering budgetary requirements under core, supplementary activities, Joint Implementation, the International Transaction Log, Clean Development Mechanism, participation in the UNFCCC process as well as the Bonn Fund and the Special account for conferences and other recoverable costs.
JI Management Plan	A management and budget plan developed by the Joint Implementation Supervisory Committee (JISC) to ensure the efficient, cost-effective and transparent function of the JISC and related activities on joint implementation (JI).
Programme budget	A budget that describes and gives the detailed costs of every activity or programme that is to be carried out with a given budget. For example, expected results in a proposed programme are described fully, along with its necessary resource, equipment, and staff costs. The sum of all activities or programme constitute the Programme Budget. Thus, when looking at a Programme Budget, one can easily find out what precisely will be carried out, at what cost and with what expected results in considerable detail.
Programme support costs / overhead	The budget includes a 13 per cent provision to cover administrative overhead costs, including in relation to administrative support functions provided by the secretariat, the cost of internal and external audits, payroll, investment and treasury services, staff training and development, services related to the administration of justice and other United Nations support services that are not available in the secretariat.
Projects funded from supplementary resources	The secretariat establishes projects for mandated activities which require additional funding to that provided under the core budget. These projects are funded by voluntary contributions (supplementary resources) which are made in response to fundraising activities of the secretariat, including an annual fundraising letter by the Executive Secretary which specifies requirements for activities under many projects in the different areas of the UNFCCC work programme. Usually contributions are specifically made for projects selected by the contributors, but in some cases contributors give flexibility to the Executive Secretary to determine projects for funding.



Term	Definition
Ratio of Contributions	There are two indicative scales of contributions: one for the Convention and the Paris Agreement, and the other for the Kyoto Protocol (see annexes VI and VII of the 2020-21 programme budget (FCCC/SBI/2019/4)). The Kyoto Protocol share for the 2020–2021 core budget requirements is prorated at 10 per cent of the overall proposed budget, compared with 15 per cent in the biennium 2018–2019.
Results-based budgeting	Programme budget process in which (a) programme formulation is based on a set of predefined objectives and expected results, (b) expected results justify the resource requirements which are derived and linked to outputs required to achieve such results and (c) in which actual performance in achieving results is measured by objective performance indicators. The UNFCCC core budget (see: “Core budget”) follows a results-based approach (see also: “Work programme”).
Work programme	The work programme for the biennium presents a detailed description of objectives, expected results, planned activities and outputs subject to core and supplementary funding. It is issued as an addendum to the 2020-21 programme budget document (FCCC/SBI/2019/4).
Sources of funding	UNFCCC activities are funded from a number of different sources (trust funds), such as the Trust Fund for the Core Budget of the UNFCCC, the Trust Fund for Supplementary Activities or the Trust Fund for the International Transaction Log.
Staffing table	The number and level of all posts proposed to be funded from the core budget are provided in the table “Secretariat-wide staffing from the core budget” for consideration and adoption by the COP.
Standard Costs	A standard cost is a predetermined estimated cost of producing or delivering a service, good or output, based on analysis of historical data and other estimated inputs or drivers of costs, such as inflation. Standard costs are normally used for either or both of the following purposes: (1) to support budgeting and decision-making at various stages, including the subsequent analysis of variance of actual results compared with budgeted amounts; and (2) to support the cost recovery or sale of services provided internally or externally



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Supplementary activities	Activities which fall outside the scope of activities funded from the core budget.
Supplementary resources	Resources in support of activities for which provisions are not made under the core budget of the UNFCCC. The Conference of the Parties takes note of but does not approve the requirements for supplementary resources.
Trust Fund for Participation in the UNFCCC Process	Fund financed from voluntary contributions in support of participation of representatives of eligible developing country Parties and Parties with economies in transition in the sessions of the governing and subsidiary bodies.
Trust Fund for Supplementary Activities	Fund financed from voluntary contributions which support activities for which provisions are not made under the core budget of the UNFCCC (see “Voluntary Contributions”). Fees collected with respect to Joint Implementation are held in this Trust Fund and their use is managed by the JI Management Plan.
Trust Fund for the Clean Development Mechanism	A trust fund established for the receipt of fees and shares of proceeds for the administration of the clean development mechanism.
Trust Fund for the Core Budget of the UNFCCC	A fund financed from contributions by all Parties based on indicative scales of contributions and by an annual contribution by the Host Government. It supports the core functions of the secretariat.
Trust Fund for the International Transaction Log	Fund financed from contributions by Parties that use the <a href="#">International Transaction Log (ITL)</a> .
Voluntary Contributions	Voluntary contributions are required to cover the cost of activities that are neither covered by the core budget (see “Core budget”), nor by fee-based income, nor by the budget of the International Transaction Log (see “Trust Fund for the International Transaction Log”). Several Parties and non-Party contributors make voluntary contributions to the Trust Fund for Supplementary Activities (see “Trust fund for Supplementary Activities”). Furthermore, several Parties make voluntary contributions to the Trust Fund for Participation in the Convention process (see “Trust Fund for Participation in the UNFCCC process”).



<b>Term</b>	<b>Definition</b>
Working Capital Reserve	A fund reserve that indicates that a portion of the fund's equity is restricted for a specific purpose. The purpose of working capital reserves is to ensure continuity of operations in the event of a temporary shortfall of cash. The level of the working capital reserve in the UNFCCC core budget represents currently 8.3 per cent of the budget.
Workstreams	A broad and ongoing area of work defined by the legal instruments (Convention, Kyoto Protocol, Paris Agreement) or Parties, under which specific mandates are subsequently assigned (e.g. Finance, Technology, Capacity-Building, Compliance, National Adaptation Planning, Mitigation Planning, Cooperative Implementation, Loss and Damage).
Zero nominal growth scenario	The Conference of the Parties (COP), by decision 22/CP.21, paragraph 22, requested the Executive Secretary to facilitate the consideration of future programme budget proposals by including in the official budget documents budget scenarios, including zero nominal growth. Zero nominal growth scenarios are characterized by an overall core budget amount that is nominally the same as the amount approved by the Conference of the Parties for the current budget period (biennium).