

Workshop on the UNFCCC budget 2020-21, 25-26 March

Glossary of key budget terms

(Work in progress)¹

Categories	<p>The secretariat costed all mandated activities to be undertaken in 2020–2021 and categorized them according to the mandates they support. There are four such categories to classify the type of mandate:</p> <ol style="list-style-type: none"> 1. Essential mandates; 2. Permanent or long-term mandates; 3. Temporary or short-term mandates; 4. Complementary activities broadly mandated as beneficial to achieving UNFCCC objectives and goals. <p>For activities in categories 1 and 2, sufficient, predictable and timely resources are of utmost importance.</p> <p>Activities in categories 3 and 4 are considered project specific or time bound.</p>
Constituted body	<p>Body established by Parties through the COP, CMP or CMA.</p> <p>These bodies are different from the UNFCCC subsidiary bodies (SBI and SBSTA) and any ad-hoc bodies established by the COP, CMP or CMA. There are currently 13 such constituted bodies supported by the secretariat.</p>
Core	<p>The term is used as a short-hand form to refer to the core budget. The core budget covers all secretariat activities financed from indicative contributions (or general purpose contributions) and supports the core functions of the secretariat. The core budget is adopted by the COP, CMP and CMA.</p> <p>In the real needs budget for 2020-21, all activities relating to categories 1 and 2 would be covered from the core budget. In the zero nominal growth budget scenario, some activities in category 2 would need to be funded from supplementary.</p>
Department	<p>The secretariat has used the term "department" to align with standard UN terminology in describing the organization.</p> <p>In the adjusted secretariat structure to be operationalized as of 2020, there are three departments:</p> <ul style="list-style-type: none"> • Programmes Department, including four divisions: <ul style="list-style-type: none"> ○ Adaptation ○ Mitigation, ○ Means of Implementation ○ Transparency • Operations Department, including three divisions: <ul style="list-style-type: none"> ○ Legal Affairs ○ Conference Affairs

¹ A full glossary of all relevant terms will be included in the formal budget documentation.

	<ul style="list-style-type: none"> ○ Administrative Services, Human Resources, and Information and Communications Technology ● Cross-cutting, including two divisions: <ul style="list-style-type: none"> ○ Intergovernmental Process and Collective Progress ○ Communications and Engagement
Division	The main organizational units within Departments (previously referred to as Programmes)
Enhance/facilitate participation	<p>These terms are used to refer to secretariat activities that enable the participation of a broad range of Party and non-Party stakeholders in the UNFCCC process to promote climate action (see objective 4 of the proposed budget).</p> <p>To the extent that such activities relate to the participation of representatives of eligible developing country Parties and Parties with economies in transition in the UNFCCC Process, funding can be made available from the Trust Fund for Participation in the UNFCCC Process.</p>
Intergovernmental Process/Engagement	These terms are used as short-hand forms to refer to activities under objective 1 of the proposed budget. While they also refer to support to negotiations they include a broad range of secretariat activities related to organizational, process, technical and substantive support to Parties in the operation of established processes arising from the negotiated mandates
Objectives	<p>The budget proposal is organized according to five overarching objectives, the Executive Secretary has established to guide the secretariat's work in the coming years. These objectives are aligned with key roles of the secretariat and are as follows:</p> <ol style="list-style-type: none"> 1. Facilitate intergovernmental engagement on responding to the threat of climate change, including by providing effective organizational, process, technical and substantive support to the climate change negotiations and to the operation of established processes arising from the negotiated mandates; 2. Enable UNFCCC constituted bodies to fulfil their mandates, including by providing effective organizational, process, technical and substantive support; 3. Manage a trusted repository of data and information in support of the intergovernmental response to the threat of climate change; 4. Facilitate participation in the UNFCCC process in order to promote action towards the achievement of the objectives and goals of the Convention, the Kyoto Protocol and the Paris Agreement; 5. Effectively manage and administer the operations of the secretariat.
Programme Support Costs (PSC)	<p>The purpose of PSC is to recover incremental indirect costs. Incremental costs are defined as the additional costs incurred supporting activities financed from extra-budgetary contributions. This charge is intended to ensure that the additional costs of supporting activities financed from extra-budgetary contributions is not borne by assessed funds and or/ other core resources that are central to the budget review and approval process.</p> <p>The greatest portion of the overhead funds is used for the services provided by relevant secretariat units providing administrative support functions. The</p>

	remainder covers 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, and contributes to covering the costs of sharing common services and premises with other United Nations organizations in Bonn, Germany.
Real needs budget	Next to the mandated zero nominal growth budget, the secretariat presents a budget proposal based on real needs as they arise from the full range of mandates provided by Parties for activities to be undertaken by the secretariat in the budget period.
Staffing table	All posts funded from core are listed in a table “Secretariat-wide staffing from the core budget” and included in the budget decision for adoption by the COP, CMP and CMA. The staffing table does not include any posts not funded from the core budget.
Supplementary	<p>The term is used as a short-hand form to refer to resources financed from voluntary contributions. These resources support mandated activities for which provisions are not made under the core budget of the UNFCCC.</p> <p>The COP, CMP and CMA take note of but do not approve the requirements for supplementary resources.</p> <p>In the real needs budget and the zero nominal growth budget for 2020-21, all activities relating to categories 3 and 4 would be funded from supplementary resources.</p>
Working Capital Reserve	Within the core fund there shall be maintained a working capital reserve at a level to be determined from time to time by the Conference of the Parties by consensus. The purpose of the working capital reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash. Drawdowns from the working capital reserve shall be restored from contributions, as soon as possible.
Zero nominal growth	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, together with information on the related implications of the implementation of the secretariat’s work programme and the estimated impacts on the level of indicative contributions by Parties. 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). The COP, by decision 21/CP.23, paragraph 1, approved the programme budget for the biennium 2018-2019, amounting to EUR 56,889,092. The zero nominal growth scenario for the biennium 2020-2021 will therefore also amount to EUR 56,889,092.

UNFCCC trust funds:

Trust Fund for Participation in the UNFCCC Process	Fund financed from voluntary contributions and supports participation of representatives of eligible developing country Parties and Parties with economies in transition in the sessions of the COP and its subsidiary bodies.
Trust Fund for Supplementary Activities	Fund financed from voluntary contributions and supports mandated activities for which provisions are not made under the core budget of the UNFCCC.
Trust Fund for the Clean Development Mechanism (CDM)	Fund financed from fees charged for the registration of clean development projects and supports the administration of the CDM, which allows Parties to generate certified emission reductions that they can use towards their emission limitation and reduction commitments.
Trust Fund for the Core Budget of the UNFCCC	Fund financed from indicative contributions (or general purpose contributions from donors) and supports the core functions of the secretariat.
Trust Fund for the International Transaction Log (ITL)	Fund financed from indicative contributions (or general purpose contributions from donors). The purpose of the ITL is verifying the validity of transactions between the national registries of Parties included in Annex B to the Kyoto Protocol and the CDM registry.
Trust Fund for the Special Annual Contribution from the Government of Germany (also, known as the Bonn Fund)	Fund financed from a voluntary contribution from the Host Government of the secretariat. It is used to finance logistical arrangements of UNFCCC events taking place in Bonn, Germany, including workshops and arrangements for sessions of the subsidiary bodies.