

**GREEN
CLIMATE
FUND**

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1 February 2019

Report on the execution of the 2018 administrative budget of the GCF

Summary

This document presents a review of the execution of the 2018 administrative budget of the GCF. It is based on actual expenditures relating to activities of the Board, Independent Units and the Secretariat for the year 1 January to 31 December 2018 and on estimated costs for the Trustee. Please note that these numbers are unaudited.

For the year ended 31 December 2018, total expenditures amounted to USD 61.8 million or 90 per cent of the approved budget of USD 69 million.

The under expenditure of USD 7.2 million comprises under expenditures of USD 0.8 million for the Board; USD 0.8 million for the independent accountability units; and USD 5.6 million for the Secretariat.

The document also reports on expenditures relating to the Readiness and Preparatory Support Programme, the Project Preparation Facility, national adaptation plans and disbursement on approved funding proposals.

I. Introduction

1. This document presents a review of 2018 expenditures against the administrative budget of GCF. It is based on actual expenditures relating to activities of the Board, independent units and the Secretariat for the year from 1 January to 31 December 2018. The amounts shown for the Trustee are based on estimated expenditures to 31 December 2018, since actual figures will not be available until the closing of the Trustee's fiscal year end on 30 June 2019.
2. Actual expenditures are USD 61.8 million, or 90 per cent of the approved 2018 budget.
3. The report also gives a summary of disbursements for readiness approved funding proposals.

II. Administrative budget expenditures for the year from 1 January to 31 December 2018

2.1 Approved budget

4. By decision B.18/12, the Board approved, from the resources available in the Green Climate Fund Trust Fund, an administrative budget of up to USD 63,558,006 for the period of 1 January to 31 December 2018 for the board activities, Secretariat operations and Trustee activities.
5. The Board also approved the following budgets for the three independent accountability units:
 - (a) USD 911,820 under decision B.19/19 for the Independent Redress Mechanism for the period of 1 January to 31 December 2018;
 - (b) USD 1,612,950 under decision B.19/20 for the Independent Integrity Unit for the period of 1 January to 31 December 2018; and
 - (c) USD 2,953,867 under decision B.19/21 for the Independent Evaluation Unit for 2018 for the period 1 January to 31 December 2018.
6. This brings the total approved budget for 2018 to USD 69,036,643.
7. In addition, by decision B.21/11, the Board approved USD 500,000 for Forward-looking Performance Review (2018 and 2019). The amount will be used in 2018 and 2019.
8. Further, by decision B.21/18, the Board approved a budget of USD 1,296,500 to conduct the formal replenishment process. The amount will be utilized in 2018 and 2019.

2.2 Actual expenditures for the year ended 31 December 2018

9. For the year ended 31 December 2018, total expenditures on the Board, independent units and the Secretariat as well as estimated costs for the services of the Trustee amounted to USD 61.8 million against a budget of USD 69 million. Of this figure, USD 2.5 million were related to the Board, USD 4.7 million to the independent accountability units, USD 52.9 million to the Secretariat, and USD 1.7 million to the Trustee (these are set out in table 1 below.) The Trustee costs are based on estimated expenditures for period to 31 December 2018.



Table 1: Actual expenditures for the year ended 31 December 2018 (in United States dollars)

		2018 approved budget	Actual expenditures to 31 December	Balance	% spent
1	Board	3,337,046	2,575,932	761,114	77%
2	Independent units	5,478,637	4,670,922	807,715	85%
3	Secretariat	58,473,960	52,880,395	5,593,565	90%
4	Interim Trustee	1,747,000	1,703,984	43,016	98%
	Grand total (1+2+3)	69,036,643	61,831,233	7,205,410	90%

2.3 Board expenditures

10. Detailed Board expenditures for the year ended 31 December 2018 are set out in table 2 below.

Table 2: Board expenditures for the year ended 31 December 2018 (in United States dollars)

		2018 approved budget	Actual expenditures to 31 December	Balance	% spent
2.1	Board meetings				
2.1.1	Board representative travel	1,120,310	562,476	557,834	50%
2.1.2	Venue and logistics	403,142	376,299	26,843	93%
	Subtotal: Board meetings	1,523,452	938,775	584,677	62%
2.2	Co-Chair and Board representative travel				
2.2.1	Co-Chair and Board representative travel	23,870	23,996	(126)	101%
	Subtotal: Co-Chair and Board representative travel	23,870	23,996	(126)	101%
2.3	Board committees, panels and working groups				
2.3.1	Board representative travel	336,306	266,277	70,029	79%
2.3.2	Venue and logistics	10,609	0	10,609	0%
2.3.3	Compensation of Board panels: Accreditation Panel	623,809	523,697	100,112	84%
2.3.4	Compensation of Board panels: Technical Advisory Panel	819,000	823,187	(4,187)	101%
	Subtotal: Board committees, panels and working groups	1,789,724	1,613,161	176,563	90%
	Grand total (1+2+3)	3,337,046	2,575,932	761,114	77%

11. Total actual Board expenditures for the year ended 31 December 2018 amounted to USD 2.6 million, or 77 per cent of the total budget of USD 3.3 million. This represents an under expenditure of USD 0.8 million.
12. Board meeting expenditures of USD 0.9 million include the costs of the nineteenth and twentieth meetings of the Board held in Songdo, Incheon, Republic of Korea, in February and July 2018, respectively, and the twenty-first meeting of the Board held in Manama, Bahrain, in October 2018.
13. Actual expenditures of USD 1.6 million on Board committees, panels and working groups include USD 0.3 million for Board committee travel and USD 0.8 for the costs of the independent Technical Advisory Panel and USD 0.5 the Accreditation Panel.

2.4 Independent accountability units

14. Expenditures for the independent accountability units for the year to 31 December 2018 are set out in tables 3, 4 and 5.

Table 3: Independent Redress Mechanism 2018 expenditures for the year ended 31 December 2018 (in United States dollars)

		2018 approved budget	Actual expenditures to 31 December	Balance	% spent
3.1	Salaries and consultants				
3.1.1	Full-time staff	574,824	628,724	(53,900)	109%
3.1.2	Consultancies	133,996	115,258	18,738	86%
	Subtotal: salaries & consultants	708,820	743,982	(35,162)	105%
3.2	Travel				
3.2.1	Travel	78,000	58,678	19,322	75%
	Subtotal: travel	78,000	58,678	19,322	75%
3.3	Operating costs				
3.3.1	Operating costs	125,000	90,567	34,433	72%
	Subtotal: operating costs	125,000	90,567	34,433	72%
	Grand total (1+2+3)	911,820	893,227	18,593	98%

15. Actual expenditures for the Independent Redress Mechanism totalled USD 893,227 against an approved annual budget of USD 911,820. While there was a 5 per cent over expenditure in the staff costs, these were covered for by a 25 per cent savings in travel and an 18 per cent savings in operating costs, bringing the overall spending to 2 per cent less than the budget.

Table 4: Independent Integrity Unit 2018 expenditures for the year ended 31 December 2018 (in United States dollars)

		2018 approved budget	Actual expenditures to 31 December	Balance	% spent
4.1	Salaries and consultants				
4.1.1	Full-time staff	1,062,950	729,968	332,982	69%
4.1.2	Consultancies	240,000	254,661	(14,661)	106%
	Subtotal: salaries & consultants	1,302,950	984,629	318,321	76%
4.2	Travel				
4.2.1	Travel	100,000	80,092	19,908	80%
	Subtotal: travel	100,000	80,092	19,908	80%
4.3	Contractual services				
4.3.1	Operating costs	30,000	21,566	8,434	100%
4.3.2	Hosting of the nineteenth Conference of International Investigators	80,000	87,753	(7,753)	110%
	Subtotal: contractual services	110,000	109,319	681	99%
4.4	Information, technology & infrastructure	100,000	48,826	51,174	49%
	Grand total (1+2+3)	1,612,950	1,222,866	390,084	76%

16. Actual expenditures for the Independent Integrity Unit totalled USD 1,222,866 against an approved annual budget of USD 1,612,950. While there were over expenditures of 6 per cent in consultancies and 10 per cent in hosting of the nineteenth Conference of International Investigators, savings in other areas such as staff costs, travel, operating costs, and information technology and infrastructure costs enabled the overall expenditure to be 14 per cent below the budgeted amount.

**Table 5: Independent Evaluation Unit 2018 expenditures for the year ended 31 December 2018
(in United States dollars)**

		2018 approved budget	Actual expenditures to 31 December	Balance	% spent
5.1	Salaries and consultants				
5.1.1	Full-time staff	1,583,667	1,182,343	401,324	75%
5.1.2	Consultancies	492,200	572,541	(80,271)	116%
	Subtotal: salaries & consultants	2,075,867	1,754,814	321053	85%
5.2	Travel				
5.2.1	Travel	183,000	184,332	(1,332)	101%
	Subtotal: travel	183,000	184,332	(1,332)	101%
5.3	Contractual services				
5.3.1	Legal and professional services	630,000	664,755	(34,775)	106%
5.3.2	Operating costs	65,000	41,541	23,459	64%
	Subtotal: professional services	695,000	706,296	(11,296)	102%
	Grand total (1+2+3)	2,953,867	2,645,443	308,424	90%

17. Actual expenditures for the Independent Evaluation Unit totalled USD 2,645,443 against an approved budget of USD 2,953,867. There were over expenditures of 116 per cent in consultancies, 1 per cent in travel and 6 per cent in legal and professional services. However, savings realized in staff costs and operating costs enabled the overall expenditure to be 10 per cent below the budgeted amount.

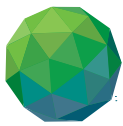
18. In addition to the above budget, the Independent Evaluation Unit also had an additional budget of USD 500,000 for a Forward-looking Performance Review, which was to be spent in 2018 and 2019. Of this amount, USD 48,000 (or 10 per cent) was spent as at the close of 2018. The balance will be utilized in 2019.

2.5 Secretariat expenditures

19. Secretariat expenditures for the year ended 31 December 2018 are set out in table 6 below.

Table 6: Secretariat expenditures for the year ended 31 December 2018 (in United States dollars)

		2018 approved budget	Actual expenditures to 31 December	Balance	% spent
6.1	Salaries and consultants				
6.1.1	Full-time staff	38,037,342	34,957,348	3,079,994	92%
6.1.3	Consultancies	2,930,850	3,412,498	(481,648)	116%
	Subtotal	40,968,192	38,369,846	2,598,346	94%
6.2	Travel				



6.2.1	Travel	2,322,500	2,093,623	228,877	90%
6.2.2	Secretariat staff travel - Board meeting	275,834	376,838	(101,004)	137%
	Subtotal	2,598,334	2,470,461	127,873	95%
6.3	Contractual services, general operating, information technology costs				
6.3.1	Office utility costs	309,000	283,401	25,599	92%
6.3.2	Contractual services	7,485,973	4,657,735	2,828,238	62%
6.3.3	Other operating costs, including communication	1,552,268	1,177,270	374,998	76%
6.3.5	Information and communication technology	4,690,000	4,676,874	13,126	100%
6.3.6	Depreciation	870,193	1,244,808	(374,615)	143%
	Subtotal: contractual services, general operating, information technology costs	14,907,434	12,040,088	2,867,345	81%
	Grand total (1+2+3)	58,473,960	52,880,395	5,593,565	90%

20. Total actual Secretariat expenditures for the year ended 31 December 2018 amounted to USD 52.9 million of the total budget of USD 58.5 million.

21. The following main points are noteworthy regarding the USD 52.9 million spent by the Secretariat during 2018:

- (a) The accumulated execution of the administrative budget for the Secretariat represents 90 per cent of the total for the year. This compares to a budget utilization of 86 per cent for 2017;
- (b) Aggregate expenditures on staff costs and consultants amount to USD 38.4 million, or 66 per cent of the total for the year;
- (c) Total expenditures on full-time staff are USD 35 million, or 66 per cent of the total for the year. The under expenditure is reasonable given that some staff came on board later than anticipated;
- (d) Consultancy costs are USD 3.4 million, or 116 per cent of the budget. The rate of spending against the approved budget was higher than anticipated, primarily since consultants provided a staff function where the staff positions were unfilled. Please note that the over expenditure on consultant costs were more than offset by under expenditure on staff costs;
- (e) Travel costs for staff are USD 2.5 million, or 4.2 per cent of the total expenditure. Travel expenditure was 5 per cent under budget due to travel cost-saving measures adopted by the Secretariat; and
- (f) The costs of contractual services, general operations, and information and communication technology is USD 12 million, or 81 per cent of the budget of USD 14.9 million for the year. The primary reason for the underspend of USD 2.9 million is that there were savings in other operating costs, legal services and accreditation professional services.

2.6 Trustee

22. Estimated costs for the Trustee services for the year ended 31 December 2018 are set out in table 7 below.

Table 7: Estimated Trustee costs and expenses for the year ended 31 December 2018 (in United States dollars)

		2018 approved budget	Estimated costs to 31 December	Balance	% spent
7.1	Financial and program management				
7.1.1	Staff costs and expenses	340,000	337,754	2,246	99%
7.1.2	Travel	40,000	42,090	(2,090)	105%
	Subtotal: financial and program management	380,000	379,844	156	100%
7.2	Investment management	1,264,000	1,223,040	40,960	97%
7.3	Accounting and reporting				
7.3.1	Staff costs and expenses	33,000	33,000	-	100%
	Subtotal: accounting and reporting	33,000	33,000	-	100%
7.4	Legal services				
7.4.1	Staff costs and expenses	60,000	59,400	600	99%
7.4.2	Travel	10,000	8,700	1,300	87%
	Subtotal: legal services	70,000	68,100	1,900	97%
	Grand total (1+2+3)	1,747,000	1,703,984	43,016	98%

23. As the Trustee (World Bank) operates on a July to June fiscal year, costs and expenses for trustee services to the GCF are based on estimated expenditure to 31 December 2018. They are estimated to be USD 43,000 under budget, which has been assessed as reasonable.

2.7 Replenishment budget

24. Out of USD 1.3 million approved for replenishment-related expenditures in decision B.21/11, USD 60,000 (or 5 per cent) had been spent as at the close of 2018. The balance of USD 1.2 million will be utilized in 2019.

2.8 Non-utilized budget

25. It is important to note that the Trustee transfers funds at regular intervals to the Secretariat based on its estimated cash flow requirements rather than as a lump sum at the beginning of the year. The balance of the unutilized budget remaining from the annual budget at year end is retained in the GCF Trust Fund by the Trustee for future allocation by the Board. Any unutilized budget is not carried forward to the subsequent year. However, the balance on the replenishment and forward-looking performance budgets will be carried over to 2019.

III. Readiness and Preparatory Support Programme

26. Expenditures in 2018 for the Readiness and Preparatory Support Programme amounted to USD 36.6 million. These are set out in table 8 below.

Table 8: Readiness expenditures for the year ended 31 December 2018 (in United States dollars)

	2018	2017
Readiness grants	29,267	8,163
Readiness workshop support	3,960	925
Consultancies	1,216	735
Travel	207	232
Professional services	493	81
Other operating costs	1,428	0
Total	36,571	10,136

27. A full report on the activities of the Readiness and Preparatory Support Programme is contained in document GCF/B.22/08 titled “Readiness and Preparatory Support Programme: Strategy for 2019-2021 and Work Programme 2019”.

28. In addition, an amount of USD 3.9 million was disbursed under the Project Preparation Facility and an amount of USD 2.7 million for national adaptation plans.

IV. Approved funding proposal disbursements

29. 2018 disbursements for approved funding proposals are set out in table 9 below.

Table 9: Approved funding proposal disbursements for the year ended 31 December 2018 (in United States dollars)

Category	Funding proposal	Accredited entity fees	Total
Grants	160,327	12,215	172,542
Loans	258,821	8,653	267,474
Equity investment	8,146	0	8,146
	427,294	20,868	448,162