



**GREEN
CLIMATE
FUND**

Meeting of the Board
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13 June 2019

Report on the execution of the 2019 administrative budget of the GCF

Summary

This document reports on the execution of the GCF 2019 administrative budget and multi-year budgets approved for the forward-looking performance review (FPR) and the first formal replenishment of the GCF for the period ending 30 April 2019. Administrative expenditure relates to costs for Board activities, the independent units, the Secretariat and the Trustee for the period 1 January 2019 to 30 April 2019. In addition, costs incurred for the FPR and the first formal replenishment of the GCF between 1 October 2018 and 30 April 2019 are included. The numbers are unaudited.

As at 30 April 2019, total expenditure was USD 21.1 million for annual budgets (26 per cent of the approved budget) and USD 0.4 million for multi-year budgets (20 per cent of the approved budget). These figures do not include the commitments, that is, costs for which an obligation to pay exists (e.g. signed contracts). The commitments are included in the budget execution report when the related services are performed.

The budget balance of USD 60.6 million comprises USD 2.6 million for the Board; USD 6.3 million for the independent units; USD 48.6 million for the Secretariat; USD 1.4 million for the Trustee; USD 0.6 million for the FPR; and USD 1.1 million for replenishment.

I. Introduction

1. This document presents a review of 2019 expenditure against the administrative budget of GCF. It is based on actual expenditure relating to activities of the Board, independent units and the Secretariat from 1 January to 30 April 2019. The amounts shown for the Trustee are based on estimated expenditure up to 30 April 2019. For the forward-looking performance review (FPR) and the first formal replenishment of the GCF, the amounts reflect expenditure from October 2018 to April 2019.

2. As at 30 April 2019, actual expenditure was USD 21.1 million for annual budgets (26 per cent of the approved budget) and USD 0.4 million for multi-year budgets (20 per cent of the approved budget).

3. Annex I contains a letter from the Budget Committee Chairperson addressed to the Co-Chairs informing that the committee has endorsed “the report on the execution of the 2019 administrative budget of the GCF” and the Chairperson endorses its transmission to the Board.

II. Administrative budget expenditure for the period from 1 January to 30 April 2019

2.1 Approved budget

4. By decision B.21/09, the Board approved, from the resources available in the Green Climate Fund Trust Fund, an administrative budget of USD 30,278,395 for the period 1 January to 31 December 2019. This amount was in addition to the USD 42,289,607 approved in decision B.18/12 for staff salaries and emoluments in 2019. In total, USD 72,568,002 was approved for the period 1 January to 31 December 2019 for the Board activities, Secretariat operations and Trustee activities.

5. The Board also approved the following budgets for the three independent units:

- (a) USD 1,161,220 under decision B.21/10 for the Independent Redress Mechanism for the period 1 January to 31 December 2019;
- (b) USD 2,300,000 under decision B.21/12 for the Independent Integrity Unit for the period 1 January to 31 December 2019; and
- (c) USD 4,002,800 under decision B.21/11 for the Independent Evaluation Unit for 2019 for the period 1 January to 31 December 2019.

6. In addition, by decisions B.21/11 and B.BM-2019/04 (annex II), the Board approved USD 500,000 and USD 347,400 for the FPR (2018 and 2019). The total of USD 847,400 will be used in 2018 and 2019.

7. Further, by decision B.21/18, the Board approved a budget of USD 1,296,500 to conduct the first formal replenishment process. The amount will be utilized in 2018 and 2019.

2.2 Summary of expenditure for the period from 1 January to 30 April 2019

8. For the period from 1 January to 30 April 2019, total expenditure on the Board, independent units and the Secretariat, as well as estimated costs for the services of the Trustee, amounted to USD 21.1 million against a budget of USD 80 million (26 per cent). Of this figure, USD 0.9 million relates to the Board; USD 1.1 million to the independent units; USD 18.4 million

to the Secretariat; and USD 0.7 million to the Trustee (these are set out in table 1 below). The figures in this report do not include the commitments, that is, costs, for which an obligation to pay exists (e.g. signed contracts). The commitments are included in the budget execution report when the related services are performed.

9. In relation to the multi-year budgets for the FPR and the first formal replenishment of the GCF, the expenditure to 30 April 2019 amounted to USD 0.4 million against a budget of USD 2.1 million (20 per cent). USD 0.24 million related to FPR and 0.19 million was for the first formal replenishment of the GCF (these are also set out in table 1 below).

Table 1: Summary of budget and expenditure for the period from 1 January to 30 April 2019 (in USD)

		2019 approved budget	Actual expenditure to 30 April 2019	Balance	% spent
A	Annual budgets				
A1	Board	3,437,156	857,096	2,580,060	25%
A2	Independent units	7,464,020	1,137,425	6,326,595	15%
A3	Secretariat	67,065,846	18,421,415	48,644,431	27%
A4	Trustee	2,065,000	688,333	1,376,667	33%
	Total: annual budgets	80,032,022	21,104,270	58,927,752	26%
B	Multi-year budgets (2018-2019)				
B1	Forward-looking performance review	847,400	237,955	609,445	28%
B1	Replenishment	1,296,500	190,315	1,106,185	15%
	Total: multi-year budgets	2,143,900	428,270	1,715,630	20%

2.3 Board expenditure

10. Detailed Board expenditure for the period to 30 April 2019 are set out in table 2 below.



Table 2: Board expenditure for the period from 1 January to 30 April 2019 (in USD)

		2019 approved budget	Actual expenditure to 30 April 2019	Balance	% spent
2.1	Board meetings				
2.1.1	Board representative travel	1,153,919	185,311	968,608	16%
2.1.2	Venue and logistics	415,236	133,318	281,919	32%
	Subtotal: Board meetings	1,569,156	318,629	1,250,527	20%
2.2	Co-Chair and Board representative travel				
2.2.1	Co-Chair and Board representative travel	24,586	4,082	20,504	17%
	Subtotal: Co-Chair and Board representative travel	24,586	4,082	20,504	17%
2.3	Board committees, panels and working groups				
2.3.1	Board representative travel	346,394	119,016	227,378	34%
2.3.2	Venue and logistics	10,927	0	10,927	0%
2.3.3	Compensation of Board panels: Accreditation Panel	642,523	125,549	516,974	20%
2.3.4	Compensation of Board panels: Technical Advisory Panel	843,570	289,821	553,749	34%
	Subtotal: Board committees, panels and working groups	1,843,415	534,386	1,309,029	29%
	Grand total (1+2+3)	3,437,156	857,096	2,580,060	25%

11. Total Board expenditure for the period to 30 April 2019 amounted to USD 0.9 million or 25 per cent of the total budget of USD 3.4 million. The balance of USD 2.6 million is available for the rest of the year.

12. The Board meeting expenditure of USD 0.3 million includes the costs of the twenty-second meeting of the Board held in Songdo, Incheon, Republic of Korea in February 2019.

13. The USD 0.5 million spent on Board panels and working groups includes USD 0.1 million for Board panel members' travel; USD 0.3 million for the compensation of the independent Technical Advisory Panel; and USD 0.1 million for the compensation of the Accreditation Panel.

2.4 Independent unit expenditures

14. Expenditures for the independent units for the period from 1 January to 30 April 2019 are set out in tables 3, 4 and 5.

Table 3: Independent Redress Mechanism expenditure for the period from 1 January to 30 April 2019 (in USD)

		2019 approved budget	Actual expenditure to 30 April 2019	Balance	% spent
3.1	Staff, consultants and interns				
3.1.1	Full-time staff	728,680	208,018	520,662	29%
3.1.2	Consultants and interns	121,000	14,761	106,239	12%
	Subtotal: staff, consultants and Interns	849,680	222,779	626,901	26%
3.2	Travel				
3.2.1	General	95,140	19,198	75,942	20%
3.2.2	Travel associated with complaints/requests	68,850	0	68,850	0%
	Subtotal: travel	163,990	19,198	144,792	12%
3.3	Contractual services				
3.3.1	Operating costs	147,550	1,338	146,212	1%
	Subtotal: contractual services	147,550	1,338	146,212	1%
	Grand total (1+2+3)	1,161,220	243,315	917,905	21%

15. Actual expenditure for the Independent Redress Mechanism totalled to USD 0.2 million against an approved annual budget of USD 1.2 million (21 per cent). Expenditure for all cost categories is within acceptable limits.

16. More than half of the travel costs and part of the operating costs are related to the investigation of complaints and hence dependent on the complaints received. The underspending in travel line and in the overall budget is primarily due to savings in investigation related costs.



Table 4: Independent Integrity Unit expenditure for the period from 1 January to 30 April 2019 (in USD)

		2019 approved budget	Actual expenditure to 30 April 2019	Balance	% spent
4.1	Staff, consultants and interns				
4.1.1	Full-time staff	1,300,000	198,578	1,101,422	15%
4.1.2	Consultants and interns	200,000	13,944	186,056	7%
	Subtotal: staff, consultants and interns	1,500,000	212,522	1,287,478	14%
4.2	Travel				
4.2.1	General	200,000	6,831	193,169	3%
	Subtotal: travel	200,000	6,831	193,169	3%
4.3	Contractual services				
4.3.1	Operating costs	30,000	690	29,310	2%
4.3.2	Climate Finance Integrity Summit	170,000	0	170,000	0%
4.3.3	Proactive integrity reviews	200,000	0	200,000	0%
4.3.4	Visibility activities	100,000	0	100,000	0%
4.3.5	Information and communication technology	100,000	0	100,000	0%
	Subtotal: contractual services	600,000	690	599,310	0%
	Grand total (1+2+3)	2,300,000	220,043	2,079,957	10%

17. Actual expenditure for the Independent Integrity Unit totalled USD 0.2 million against an approved annual budget of USD 2.3 million (10 per cent). Expenditure for all cost categories is within acceptable limits

18. The budget assumed that two staff would join from the beginning of the year, who joined in March and April 2019. Recruitment is also ongoing for other positions. This is the major causes of under expenditure in staff costs.

19. Travel for the division is largely contingent upon requests for investigations. The underspending in travel line is primarily due to savings in investigation related travel costs.

20. The Climate Finance Summit and Proactive Integrity reviews will be done in the later part of the year. The costs will thus be charged when incurred.



Table 5: Independent Evaluation Unit expenditure for the period from 1 January to 30 April 2019 (in USD)

		2019 approved budget	Actual expenditure to 30 April 2019	Balance	% spent
5.1	Staff, consultants and interns				
5.1.1	Full-time staff	1,859,000	442,471	1,416,529	24%
5.1.2	Consultants and interns	529,800	147,679	382,121	28%
	Subtotal: staff, consultants and interns	2,388,800	590,150	1,798,650	25%
5.2	Travel				
5.2.1	General	274,000	41,316	232,684	15%
	Subtotal: travel	274,000	41,316	232,684	15%
5.3	Contractual services				
5.3.1	Operating costs	1,230,000	5,472	1,224,528	0%
5.3.2	Professional services	110,000	37,129	72,871	34%
	Subtotal: contractual services	1,340,000	42,601	1,297,399	3%
	Grand total (1+2+3)	4,002,800	674,067	3,328,733	17%

21. Actual expenditure for the Independent Evaluation Unit totalled USD 0.7 million against an approved budget of USD 4 million (17 per cent). Expenditure for all cost categories is within acceptable limits.

22. The expenses above do not include the committed travel costs, contracts signed for consultants, and contractual services. For the Operating costs under Contractual services number of contracts are already awarded and the expenses will be booked during the later part of the year, once the services are received.



Table 6: Independent Evaluation Unit – forward-looking performance review expenditure for the period from 1 January to 30 April 2019 (in USD)

		2019 approved budget	Actual expenditure to 30 April 2019	Balance	% spent
6.1	Consultants and interns				
6.1.1	Consultants and interns	162,400	101,240	61,160	62%
	Subtotal: consultants and interns	162,400	101,240	61,160	62%
6.2	Travel				
6.2.1	General	96,000	5,507	90,493	6%
	Subtotal: travel	96,000	5,507	90,493	6%
6.3	Contractual services				
6.3.1	Operating costs	94,000	138	93,862	0%
6.3.2	Professional services	495,000	131,070	363,930	26%
	Subtotal: contractual services	589,000	131,208	457,792	22%
	Grand total (1+2+3)	847,400	237,955	609,445	28%

23. In addition to the normal budget in table 5 above, the Independent Evaluation Unit also has a budget of USD 0.8 million for the FPR. As at 30 April 2019, actual expenditure for the FPR amounted to USD 0.2 million. The utilization for all expense categories is within acceptable limits. FPR commitments in the form of signed contracts as at 30 April 2019 amounted to USD 0.4 million.

2.5 Secretariat expenditure

24. Expenditure for the Secretariat for the period from 1 January to 30 April 2019 is set out in table 7 below.

Table 7: Secretariat expenditure for the period from 1 January to 30 April 2019 (in USD)

		2019 approved budget	Expenditure to 30 April 2019	Balance	% spent
7.1	Staff, consultants and interns				
7.1.1	Full-time staff	44,948,077	12,314,795	32,633,281	27%
7.1.2	Consultants and interns	2,593,100	944,416	1,648,684	36%
	Subtotal: staff, consultants and interns	47,541,177	13,259,211	34,281,966	28%
7.2	Travel				
7.2.1	General	2,396,309	686,098	1,710,211	29%
7.2.2	Staff travel to Board meeting	284,109	0	284,109	0%
	Subtotal: travel	2,680,418	686,098	1,994,320	26%
7.3	Contractual services				
7.3.1	Professional services	7,681,343	1,717,313	5,964,030	22%
7.3.2	Office utility	280,000	80,000	200,000	29%
7.3.3	Operating costs	2,655,840	691,636	1,964,204	26%
7.3.4	Information and communication technology	5,313,365	1,708,732	3,604,633	32%
7.3.5	Depreciation	913,703	278,426	635,277	30%
	Subtotal: contractual services	16,844,251	4,476,106	12,368,145	27%
	Grand total (1+2+3)	67,065,846	18,421,415	48,644,431	27%

25. Total Secretariat expenditure for the period from 1 January to 30 April 2019 amounted to USD 18.4 million of the total budget of USD 67 million (27 per cent). Expenditure for all cost categories is within acceptable limits.

26. The expenses above don't include the committed travel costs, contracts signed for consultants, and professional services are amounting to approx. USD 5.6 million. If incorporated, the expenditure plus commitments as of April 2019 stands at 34%.

27. The following main points are noteworthy regarding the USD 18.4 million spent by the Secretariat over the four-month period of 1 January to 30 April 2019:

- (a) The accumulated execution of the administrative budget for the Secretariat represents 27 per cent of the total for the year; Aggregate expenditure on staff costs and consultants amounts to USD 13.3 million, or 28 per cent of the total for the year;
- (b) Total expenditure on full-time staff amounts to USD 12.3 million, or 27 per cent of the total for the year. The reason for the underspend is that staff are currently being

recruited at a slower pace than was anticipated when the budget was approved. As staff are recruited in the later part of the year, budget utilization will increase but there is still likely to be budget underspend for the full year;

- (c) Consultancy costs are USD 0.9 million, or 36 per cent of the total for the year. It is expected that spending for the year will exceed the approved budget. This is because several consultants have been hired to maintain the necessary capacity of the Secretariat where staff positions have yet to be filled;
- (d) Travel costs for staff and consultants are USD 0.7 million, or 26 per cent, against a budget of USD 2.7 million for the year. In addition, a budget of USD 0.3 million for Secretariat staff travel to support the Board at a meeting held outside Songdo is yet to be utilized; and
- (e) The cost of contractual services, general operations and information and communication technology is USD 4.5 million, or 27 per cent, against a budget of USD 16.8 million for the year and is running in line with the budget.

2.6 Trustee costs

28. Estimated costs for the Trustee services for the period from 1 January to 30 April 2019 are set out in table 8 below.

Table 8: Estimated Trustee costs up to 30 April 2019 (in USD)

		2019 approved budget	Expenditure to 30 April 2019	Balance	% spent
8.1	Trustee costs	2,065,000	688,333	1,376,667	33%
	Subtotal: Trustee costs	2,065,000	688,333	1,376,667	33%

29. Costs and expenses for the Trustee services to GCF are based on the approved budget for the calendar year 2019. Cost estimates up to 30 April are based on a pro rata share of the approved amount for the year.

2.7 Replenishment budget

30. Expenditure for the replenishment process for the period to 30 April 2019 is set out in table 9 below.



Table 9: Expenditure for the replenishment process up to 30 April 2019 (in USD)

		2018-2019 approved budget	Expenditure to 30 April 2019	Balance	% spent
9.1	Advocacy and outreach				
9.1.1	Travel: regional outreach	221,500	0	221,500	0%
9.1.2	Conferences: regional outreach	120,000	0	120,000	0%
	Subtotal: advocacy and outreach	341,500	0	341,500	0%
9.2	Arrangements for replenishment process				
9.2.1	Replenishment facilitator	100,000	0	100,000	0%
9.2.2	Conferences: 3 consultation meetings	174,000	12,728	161,272	7%
9.2.3	Travel: 3 replenishment consultation meetings	288,000	138,587	149,413	48%
9.2.4	Conferences: pledging conference	48,000	0	48,000	0%
9.2.5	Travel: pledging conference	90,000	0	90,000	0%
	Subtotal: arrangements for replenishment	700,000	151,315	548,685	22%
9.3	Replenishment				
9.3.1	Replenishment advisers	100,000	39,000	61,000	39%
9.3.2	Consultancies: review of Policies for Contributions	90,000	0	90,000	0%
	Sub-total: Replenishment	190,000	39,000	151,000	21%
9.4	Contingency				
9.4.1	Contingency	65,000	0	65,000	0%
	Subtotal: contingency	65,000	0	65,000	0%
	Grand total (1+2+3)	1,296,500	190,315	1,106,185	15%

31. Expenditure for the first formal replenishment of the GCF for the period from 1 January to 30 April 2019 amounted to USD 0.2 million against an approved budget of USD 1.3 million (15 per cent). Expenditure for all cost categories is within acceptable limits.

2.8 Non-utilized budget

32. 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 unutilized budget as at 30 April 2019 is available for the remaining months to December 2019.

III. Recommendation by the Budget Committee

33. The Budget Committee recommends that the Board take note of the report on the execution of the 2019 administrative budget of the GCF as at 30 April 2019.

Annex I: Letter from the Budget Committee Chairperson addressed to the Co-Chairs

12 June 2019

Dear Jos and Nagmeldin,

This document reports on the execution of the GCF 2019 administrative budget and multi-year budgets approved for the forward-looking performance review (FPR) and the first formal replenishment of the GCF for the period ending 30 April 2019. Administrative expenditure relates to costs for Board activities, the independent units, the Secretariat and the Trustee for the period 1 January 2019 to 30 April 2019. In addition, costs incurred for the FPR and the first formal replenishment of the GCF between 1 October 2018 and 30 April 2019 are included. The numbers are unaudited.

The “report on the execution of the 2019 administrative budget of the GCF” was presented to the Budget Committee on 23 May 2019 and was endorsed by the Budget Committee on 5 June 2019.

As Budget Committee Chairperson, I endorse the content of the document and request that it be transmitted to the Board for consideration at its twenty-third meeting.

Yours sincerely,

Jose Delgado

GCF Budget Committee Chair
