



**GREEN
CLIMATE
FUND**

Meeting of the Board
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25 October 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 31 August 2019. Administrative expenditure relates to costs for Board activities, the independent units, the Secretariat and the Trustee for the period 1 January 2019 to 31 August 2019. In addition, costs incurred for the FPR and the first formal replenishment of the GCF between 1 October 2018 and 31 August 2019 are included. These numbers are unaudited.

As at 31 August 2019, total expenditure was USD 41.6 million for annual budgets (52 per cent of the approved budget) and USD 0.9 million for multi-year budgets (41 per cent of the approved budget). These figures do not include the commitments, that is, the costs for which the contracts have been signed but the services/goods have not been executed/delivered. The commitments are included in the budget execution report when the related services are performed.

The budget balance of USD 39.7 million comprises USD 1.7 million for the Board; USD 4.3 million for the independent units; USD 31.7 million for the Secretariat; USD 0.7 million for the Trustee; USD 0.18 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 31 August 2019. The amounts shown for the Trustee are based on estimated expenditure up to 31 August 2019. For the forward-looking performance review (FPR) and the first formal replenishment of the GCF, the amounts reflect expenditure from October 2018 to August 2019.

2. As at 31 August 2019, actual expenditure was USD 41.6 million for annual budgets (52 per cent of the approved budget) and USD 0.9 million for multi-year budgets (41 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 31 August 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 for the GCF.

2.2 Summary of expenditure for the period from 1 January to 31 August 2019

8. For the period from 1 January to 31 August 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 41.6 million against a budget of USD 80 million (52 per cent). Of this figure, USD 1.7 million relates to the Board; USD 3.1 million to the independent units; USD 35.4 million

to the Secretariat; and USD 1.4 million to the Trustee (these are set out in table 1 below). The figures in this report do not include the commitments, that is, the costs for which contracts have been signed but the services/goods have not been executed/delivered. 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 31 August 2019 amounted to USD 0.88 million against a budget of USD 2.1 million (41 per cent). USD 0.66 million related to the FPR and 0.22 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 31 August 2019 (in USD)

		2019 approved budget	Actual expenditure to 31 August 2019	Balance	% spent	Commitments
A	Annual budgets					
A1	Board	3,437,155	1,745,875	1,691,280	51%	549,871
A2	Independent units	7,464,020	3,090,666	4,373,354	41%	1,976,802
A3	Secretariat	67,065,846	35,378,510	31,687,336	53%	6,636,810
A4	Trustee	2,065,000	1,376,667	688,333	67%	0
	Total: annual budgets	80,032,021	41,591,718	38,440,303	52%	9,163,483
B	Multi-year budgets (2018-2019)					
B1	Forward-looking performance review	847,400	661,435	185,965	78%	98,231
B2	Replenishment	1,296,500	223,412	1,073,088	17%	265,165
	Total: multi-year budgets	2,143,900	884,847	1,259,053	41%	363,396

2.3 Board expenditure

10. Detailed Board expenditure for the period to 31 August 2019 are set out in table 2 below.

Table 2: Board expenditure for the period from 1 January to 31 August 2019 (in USD)

		2019 approved budget	Actual expenditure to 31 August 2019	Balance	% spent	Commitments
2.1	Board meetings					
2.1.1	Board representative travel	1,153,919	371,497	782,422	32%	0
2.1.2	Venue and logistics	415,236	227,670	187,566	55%	0
	Subtotal: Board meetings	1,569,155	599,167	969,988	38%	0
2.2	Co-Chair and Board representative travel					
2.2.1	Co-Chair and Board representative travel	24,586	13,327	11,259	54%	0
	Subtotal: Co-Chair and Board representative travel	24,586	13,327	11,259	54%	0
2.3	Board committees, panels and working groups					
2.3.1	Board representative travel	346,394	119,756	226,638	35%	93,871
2.3.2	Venue and logistics	10,927	0	10,927	0%	0
2.3.3	Compensation of Board panels: Accreditation Panel	642,523	407,553	234,970	63%	192,000
2.3.4	Compensation of Board panels: Technical Advisory Panel	843,570	606,071	237,499	72%	264,000
	Subtotal: Board committees, panels and working groups	1,843,414	1,133,380	710,034	61%	549,871
	Grand total (1+2+3)	3,437,155	1,745,875	1,691,280	51%	549,871

11. Total Board expenditure for the period to 31 August 2019 amounted to USD 1.7 million or 51 per cent of the total budget of USD 3.4 million. The balance of USD 1.7 million is available for the rest of the year.

12. The Board meeting expenditure of USD 0.6 million includes the costs of the twenty-second and twenty-third meetings of the Board held in Songdo, Incheon, Republic of Korea in February and July 2019, respectively.

13. The USD 1.1 million spent on Board committees, panels and working groups includes USD 0.1 million for Board panel members' travel; USD 0.4 million for the compensation of the independent Technical Advisory Panel; and USD 0.6 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 31 August 2019 are set out in tables 3, 4 and 5.

Table 3: Independent Redress Mechanism expenditure for the period from 1 January to 31 August 2019 (in USD)

		2019 approved budget	Actual expenditu re to 31 August 2019	Balance	% spent	Commitments
3.1	Staff, consultants and interns					
3.1.1	Full-time staff	728,680	417,414	311,266	57%	1,900
3.1.2	Consultants and interns	121,000	44,055	76,945	36%	68,425
	Subtotal: staff, consultants and interns	849,680	461,469	388,211	54%	70,325
3.2	Travel					
3.2.1	General	95,140	40,790	54,350	43%	7,712
3.2.2	Travel associated with complaints/requests	68,850	0	68,850	0%	0
	Subtotal: travel	163,990	40,790	123,200	25%	7,712
3.3	Contractual services					
3.3.1	Operating costs	147,550	5,903	141,647	4%	44,700
	Subtotal: contractual services	147,550	5,903	141,647	4%	44,700
	Grand total (1+2+3)	1,161,220	508,162*	653,058	44%*	122,737

*The expenses above do not include the committed travel costs, contracts signed for consultants, and professional services amounting to approximately USD 0.12 million. If incorporated, the expenditure plus commitments as of August 2019 stands at 54 per cent

15. Actual expenditure for the Independent Redress Mechanism totalled USD 0.5 million against an approved annual budget of USD 1.2 million (44 per cent). Expenditure for all cost categories is within acceptable limits.

16. About 56 per cent of the travel costs and part of the operating costs are related to the investigation of complaints and hence are dependent on the complaints received. The underspending in the travel line and in the overall budget is primarily due to the absence of complaints received during the reporting period.

17. The total expenditure to the year end is expected to be within the approved budget. It is expected that the planned activities of the Independent Redress Mechanism in the latter part of the year will result in full utilization of the operating costs allocated as part of the budget.

**Table 4: Independent Integrity Unit expenditure for the period from 1 January to 31 August 2019
(in USD)**

		2019 approved budget	Actual expenditure to 31 August 2019	Balance	% spent	Commitments
4.1	Staff, consultants and interns					
4.1.1	Full-time staff	1,300,000	461,193	838,807	35%	12,951
4.1.2	Consultants and interns	200,000	73,633	126,367	37%	126,377
	Subtotal: staff, consultants and interns	1,500,000	534,826	965,174	36%	139,328
4.2	Travel					
4.2.1	General	200,000	39,328	160,672	20%	0
	Subtotal: travel	200,000	39,328	160,672	20%	0
4.3	Contractual services					
4.3.1	Operating costs	30,000	12,819	17,181	43%	0
4.3.2	Climate Finance Integrity Summit	170,000	0	170,000	0%	16,000
4.3.3	Proactive integrity reviews	200,000	0	200,000	0%	0
4.3.4	Visibility activities	100,000	0	100,000	0%	0
4.3.5	Information and communications technology	100,000	0	100,000	0%	0
	Subtotal: contractual services	600,000	12,819	587,181	2%	16,000
	Grand total (1+2+3)	2,300,000	586,973*	1,713,027	26%*	155,328

**The expenses above do not include the committed travel costs, contracts signed for consultants and professional services, which amount to approximately USD 0.15 million. If incorporated, the actual expenditure and commitments as of August 2019 stand at 32 per cent.*

18. Actual expenditure for the Independent Integrity Unit totalled USD 0.6 million against an approved annual budget of USD 2.3 million (26 per cent). Expenditure for all cost categories is within acceptable limits.

19. The onboarding of three new staff members that was initially anticipated during the first half of the year was delayed, which explains the 36 per cent execution rate for staff salary.

20. The expenses related to the Climate Finance Integrity Summit and the information and communications technology infrastructure are expected to be paid during the last quarter of the year upon execution of the Summit in December and the onboarding of a staff member who will lead procurement of the investigation-related information and communications technology infrastructure.

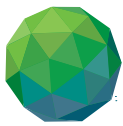


Table 5: Independent Evaluation Unit expenditure for the period from 1 January to 31 August 2019 (in USD)

		2019 approved budget	Actual expenditure to 31 August 2019	Balance	% spent	Commitments
5.1	Staff, consultants and interns					
5.1.1	Full-time staff	1,859,000	1,029,127	829,873	55%	668,802
5.1.2	Consultants and interns	529,800	350,040	179,760	66%	156,306
	Subtotal: staff, consultants and interns	2,388,800	1,379,167	1,009,633	58%	825,108
5.2	Travel					
5.2.1	General	274,000	129,315	144,685	47%	8,030
	Subtotal: travel	274,000	129,315	144,685	47%	8,030
5.3	Contractual services					
5.3.1	Operating costs	110,000	50,268	59,732	46%	865,560
5.3.2	Professional services	1,230,000	436,781	793,219	36%	39
	Subtotal: contractual services	1,340,000	487,049	852,951	36%	865,599
	Grand total (1+2+3)	4,002,800	1,995,531*	2,007,269	50%*	1,698,737

* The expenses above do not include the committed travel costs, contracts signed for consultants, and professional services amounting to approximately USD 1.7 million. If incorporated, the expenditure plus commitments as of August 2019 stand at 92 per cent.

21. Actual expenditure for the Independent Evaluation Unit totalled USD 2 million against an approved budget of USD 4 million (50 per cent). Expenditure for all cost categories is within acceptable limits.

22. For the operating costs and professional services included under contractual services, a number of contracts have already been awarded and the expenses will be recorded during the later part of the year after the services are rendered.

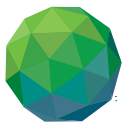


Table 6: Independent Evaluation Unit – forward-looking performance review expenditure for the period from 1 January to 31 August 2019 (in USD)

		2019 approved budget	Actual expenditure to 31 August 2019	Balance	% spent	Commitments
6.1	Consultants and interns					
6.1.1	Consultants and interns	162,400	130,781	31,619	81%	21,314
	Subtotal: consultants and interns	162,400	130,781	31,619	81%	21,314
6.2	Travel					
6.2.1	General	96,000	86,563	9,437	90%	30,534
	Subtotal: travel	96,000	86,563	9,437	90%	30,534
6.3	Contractual services					
6.3.1	Operating costs	94,000	5,385	88,615	6%	0
6.3.2	Professional services	495,000	438,706	56,294	89%	46,383
	Subtotal: contractual services	589,000	444,091	144,909	75%	46,383
	Grand total (1+2+3)	847,400	661,435*	185,965	78%*	98,231

* FPR commitments as at 31 August 2019 amounted to USD 0.1 million in the form of signed contracts for consultancy, travel costs and costs for printing and translation of the FPR report. It is expected that the total expenditure for the FPR will remain within the budget.

23. In addition to the Independent Evaluation Unit budget for 2019 in table 5 above, the Independent Evaluation Unit has a budget of USD 0.8 million for the FPR. As at 31 August 2019, actual expenditure for the FPR amounted to USD 0.7 million. The utilization for all expense categories is within acceptable limits.

2.5 Secretariat expenditure

24. Expenditure for the Secretariat for the period from 1 January to 31 August 2019 is set out in table 7 below.

Table 7: Secretariat expenditure for the period from 1 January to 31 August 2019 (in USD)

		2019 approved budget	Expenditure to 31 August 2019	Balance	% spent	Commitments
7.1	Staff, consultants and interns					
7.1.1	Full-time staff	44,948,077	24,993,992	19,954,085	56%	92,619
7.1.2	Consultants and interns	2,593,100	1,859,346	733,754	72%	1,643,376
	Subtotal: staff, consultants and interns	47,541,177	26,853,338	20,687,839	56%	1,735,995
7.2	Travel					
7.2.1	General	2,396,309	1,273,665	1,122,644	53%	477,716
7.2.2	Staff travel to Board meeting	284,109	0	284,109	0%	0
	Subtotal: travel	2,680,418	1,273,665	1,406,753	48%	477,716
7.3	Contractual services					
7.3.1	Professional services	7,631,343	2,218,374	5,412,969	29%	2,112,553
7.3.2	Office utility	280,000	123,576	156,424	44%	110,993
7.3.3	Operating costs	1,137,840	488,420	649,420	43%	139,970
7.3.4	Communication and printing	1,568,000	490,775	1,077,225	31%	290,386
7.3.5	Information and communications technology	5,313,365	3,398,163	1,915,202	64%	1,769,197
7.3.6	Depreciation	913,703	532,199	381,504	58%	0
	Subtotal: contractual services	16,844,251	7,251,507	9,592,744	43%	4,423,099
	Grand total (1+2+3)	67,065,846	35,378,510*	31,687,336	53%*	6,636,810

* The expenses above do not include the committed travel costs (USD 0.5 million), contracts signed for consultants (USD 1.7 million), and contractual services (USD 4.4 million), which amount to total of approximately USD 6.6 million. If incorporated, the expenditure plus commitments as of August 2019 stand at 59 per cent.

25. Total Secretariat expenditure for the period from 1 January to 31 August 2019 amounted to USD 35.4 million of the total budget of USD 67 million (53 per cent). Expenditure for all cost categories is within acceptable limits.

26. The following main points are noteworthy regarding the USD 35.4 million spent by the Secretariat over the eight month period of 1 January to 30 August 2019:

- (a) The accumulated execution of the administrative budget for the Secretariat represents 53 per cent of the total for the year; aggregate expenditure on staff costs and consultants amounts to USD 26.8 million, or 56 per cent of the total for the year;
- (b) Total expenditure on full-time staff amounts to USD 24.9 million, or 56 per cent of the total for the year. The reason for the underspend is that staff have been recruited at a slower pace than was anticipated when the budget was approved. As some staff have been recruited during the year, the budget utilization will increase towards the end of year; however, it is likely that the staff budget will be underspent for the year;

- (c) Consultancy costs are USD 1.86 million, or 72 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 1.27 million, or 53 per cent, against a budget of USD 2.4 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 will not be utilized this year;
- (e) The cost of contractual services, general operations and information and communications technology is USD 7.3 million, or 43 per cent, against a budget of USD 16.8 million for the year, which is within the budget; and
- (f) The reduced expenses for the contractual services are mainly because of the underspending for legal expenses, communities of practice and a knowledge management system. Some of the legal expenses are related to resolving complaints/disputes; there is underutilization in this area. For communities of practice and a knowledge management system, the contracts have been signed with the professional services firms and the expenses will pick up during the latter part of the year, likewise there will be a surge in expenses for communications and printing in the latter part of the year. Even with the increase in expenses in the remaining part of the year, it is expected that the budget for professional services and communications will not be fully utilized.

2.6 Trustee costs

27. Estimated costs for the Trustee services for the period from 1 January to 31 August 2019 are set out in table 8 below.

Table 8: Estimated Trustee costs up to 31 August 2019 (in USD)

		2019 approved budget	Expenditure to 31 August 2019	Balance	% spent
8.1	Trustee costs	2,065,000	1,376,667	688,333	67%
	Subtotal: Trustee costs	2,065,000	1,376,667	688,333	67%

28. Costs and expenses for the Trustee services to GCF are based on the approved budget for the calendar year 2019. Cost estimates up to 31 August are based on a pro rata share of the approved amount for the year.

2.7 Replenishment budget

29. Expenditure for the replenishment process for the period to 31 August 2019 is set out in table 9 below.

Table 9: Expenditure for the replenishment process up to 31 August 2019 (in USD)

		2018– 2019 approved budget	Expenditure to 31 August 2019	Balance	% spent	Commitments
9.1	Advocacy and outreach					
9.1.1	Travel: regional outreach	221,500	46,991	174,509	21%	38,645
9.1.2	Conferences: regional outreach	120,000	0	120,000	0%	
	Subtotal: advocacy and outreach	341,500	46,991	294,509	14%	38,645
9.2	Arrangements for replenishment process					
9.2.1	Replenishment facilitator	100,000	18,000	82,000	18%	72,000
9.2.2	Conferences: 3 consultation meetings	174,000	10,853	163,147	6%	0
9.2.3	Travel: 3 replenishment consultation meetings	288,000	138,568	149,432	48%	104,165
9.2.4	Conferences: pledging conference	48,000	0	48,000	0%	0
9.2.5	Travel: pledging conference	90,000	0	90,000	0%	0
	Subtotal: arrangements for replenishment	700,000	167,421	532,579	24%	176,165
9.3	Replenishment					
9.3.1	Replenishment advisers	100,000	9,000	91,000	9%	89,000
9.3.2	Consultancies: review of Policies for Contributions	90,000	0	90,000	0%	0
	Subtotal: replenishment	190,000	9,000	181,000	5%	89,000
9.4	Contingency					
9.4.1	Contingency	65,000	0	65,000	0%	0
	Subtotal: contingency	65,000	0	65,000	0%	0
	Grand total (1+2+3+4)	1,296,500	223,412*	1,073,088	17%*	265,165

**The expenses above do not include the committed travel costs and contracts signed for consultants amounting to approximately USD 0.3 million. If incorporated, the expenditure plus commitments as of August 2019 stand at 38 per cent.*

30. Expenditure for the first formal replenishment of the GCF for the period from 1 January to 31 August 2019 amounted to USD 0.2 million against an approved budget of USD 1.3 million (17 per cent). Expenditure for all cost categories is within acceptable limits.

31. The utilization rate is lower than anticipated because the cost of the First Consultation Meeting in April was fully covered by the host government while the cost of the Second Consultation Meeting in held in August will be shared equally between GCF and the host country.

32. In September, GCF conducted outreach activities for replenishment. Examples are the Climate Summit and country missions. The costs will be reflected in future update reports.

33. A high utilization rate is expected for the budget item related to the Pledging Conference which will take place on 24-25 October in Paris, France. After the Pledging Conference, the replenishment process will continue to further mobilize contributions from existing IRM contributors and new contributions.

2.8 Non-utilized budget

34. 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 31 August 2019 is available for the remaining months to December 2019.

III. Recommendation by the Budget Committee

35. 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 31 August 2019.
