

Green Climate Fund

**Report on the Administrative
Budget of the Fund for
1 January to 31 March 2014**

GCF/B.07/Inf.03

8 May 2014

Meeting of the Board
18-21 May 2014
Songdo, Republic of Korea
Agenda item 13

Report on the Administrative Budget of the Fund – 1 January to 31 March 2014

I. Introduction

1. This document reports on the administrative budget for the period 1 January to 31 March 2014. It is prepared to provide the Board with preliminary information on the actual expenditures incurred as at the end of March 2014. The amounts shown are based on the latest accounts and estimates of the Secretariat and Interim Trustee of the Green Climate Fund, and will be subject to adjustment at the time the final accounts are available.
2. In addition, it reflects expenditures incurred against the special contribution of US\$ 1,400,000 made by the Government of the Republic of Korea to cover the costs of office furniture and equipment for the Fund's headquarters, detailed in Table 2.
3. A more comprehensive report on the costs and expenses incurred from resources of the Green Climate Fund Trust Fund, as well as further expenditures incurred against the special contribution by the Government of the Republic of Korea, will be prepared for the October 2014 Board meeting.

II. Administrative budget expenditure for the period from 1 January to 31 March 2014

2.1 Approved budget

4. At its October 2013 meeting, by its decision B.05/20, the Board approved, from the resources available in the Green Climate Fund Trust Fund, the administrative budget of the Green Climate Fund for the period from 1 January to 31 December 2014 of up to US\$ 18,817,566.

5. The Board also approved, from the resources available or to be made available in the Green Climate Fund Trust Fund, the budget cost of staff salaries and emoluments for the three-year contract period as follows:

- (a) For 2015: US\$ 12,042,101;
- (b) For 2016: US\$ 12,403,364; and
- (c) For 2017: US\$ 3,125,835.

2.2 Actual expenditures

6. During the period from 1 January to 31 March 2014, the total expenditures amounted to US\$ 1,452,744. Of this, US\$ 333,624 were related to the Board's expenditures. The expenditures of the Secretariat amounted to US\$ 1,009,120 and expenditures of the Interim Trustee were estimated at US\$ 110,000. These expenditures are detailed in Table 1 and the related notes.

7. The total expenditures to date of approximately US\$ 1,452,744 are not as high as originally anticipated owing to the following main reasons:

- (a) The Board meeting that took place in February 2014 was held in Bali. The venues and related logistical services were provided by the Government of Indonesia, which resulted in significant savings in the Board's budget. However, expenditures are

expected to increase during the course of the year, in particular as the seventh Board meeting will be held in Songdo, which will be paid for mainly from the administrative budget of the Fund. Moreover, the Board committees, panels and groups did not meet during the reporting period and the budgeted amount for this purpose was not used. Again, this is set to increase as meetings start to take place after 31 March;

- (b) More significantly, the delay in filling positions, and the use of full and part-time consultants, some of whom worked remotely, resulted in significant savings under staff costs and salaries. As recruitment activities for a number of positions have either been concluded or are near to conclusion, expenditures will increase accordingly;
- (c) The amount originally budgeted for information and communication technology (ICT) equipment and services was not used as this has currently been funded through the special contribution made by the Government of the Republic of Korea. However, significant expenditures will be incurred during the next few months to fully equip the Board meeting room and other rooms associated with hosting meetings in the headquarters building;
- (d) The Secretariat has also committed over US\$ 1,000,000 in resources to cover consultancies and other related staffing costs arising from the finalization of contracts for work anticipated in the run-up to the May 2014 Board meeting and beyond.

Table 1: Total administrative budget expenditures for the period from 1 January to 31 March 2014 (in US\$)

	<u>Approved budget</u> 1 January to 31 December 2014 (12 months)	<u>Actual expenditures</u> 1 January to 31 March 2014 (3 months)	
1. Board			
1.1 Board meetings ^{a)}	1,052,000	333,624	718,376
1.2 Co-Chair and Board representative travel	22,500	-	22,500
1.3 Board committees, panels and groups	170,000	-	170,000
<i>Sub-total: Board</i>	<u>1,244,500</u>	<u>333,624</u>	<u>910,876</u>
2. Secretariat			
2.1 Salaries, wages and consultancies ^{b)}	11,806,666	948,824	10,857,842
2.2 Travel ^{c)}	450,000	37,678	412,322
2.3 Contractual services, general operating, information technology costs ^{d)}	4,874,000	22,618	4,851,382
<i>Sub-total: Secretariat</i>	<u>17,130,666</u>	<u>1,009,120</u>	<u>16,121,546</u>
3. Interim Trustee ^{e)}	<u>442,400</u>	<u>110,000</u>	<u>332,400</u>
GRAND TOTAL (1+2+3)	<u>18,817,566</u>	<u>1,452,744</u>	<u>17,364,822</u>

Notes:

- a) Travel by Board members, alternate members advisers eligible for funding and staff to the February 2013 Board meeting held in Bali.
- b) This amount represents the costs for staff and consultants who are providing support to the Secretariat to bridge the staffing gap during the recruitment period.
- c) Secretariat staff travel, which includes a number of missions undertaken in the first part of the year.
- d) General operating expenditures include the provision of software, the purchase of hardware, office space, telephone/communication, etc.
- e) Estimated expenditures, to be confirmed after fiscal year closing on 30 June 2014.

Table 2: Expenditures incurred on the special contribution received from the Government of the Republic of Korea for the period from 1 January to 31 March 2014 (in US\$)

Contribution received	1,400,000
Expenditures incurred	
ITC equipment and services	482,965
Office furniture and supplies	<u>172,885</u>
Total expenditures	655,850
Balance	<u>744,150</u>

III. Projection for the period from 1 April to 31 December 2014

8. As highlighted in chapter 2.2, there are a number of anticipated activities, including finalization of recruitment, equipping of the Board meeting rooms, as well as activities relating to the programme of work of the Secretariat, which will mean expenditures will increase significantly between now and the next report due at the Board's October 2014 meeting. A number of panels and groups are also expected to meet between now and the October 2014 meeting, which will incur costs related to travel and, potentially, to logistical arrangements. Depending on the outcomes of the May 2014 Board meeting, further work and related resources may also be required to ensure the work programme is successfully implemented.

9. The recruitment process is also in its advanced stages. Initial expenditures in relation to appointment and settlement costs, as well as regular expenditures on salaries and related costs, will start being incurred from June or July of this year.

10. The *Green Climate Fund Trust Fund Financial Report* (document GCF/B.07/Inf.04), prepared by the Interim Trustee, shows that, as at 31 March 2014, the cumulative resources received by the Fund amounted to US\$ 36.7 million.

11. In its February meeting, the Board requested the Secretariat to elaborate a revised detailed programme of work on readiness and preparatory support (Decision B.06/11). While earmarking of the Fund resources is not possible, the Secretariat expects that an amount equivalent to a significant portion of the contribution received from Germany, and to a signed contribution agreement from the Republic of Korea, will serve to fund this programme of work.

12. The Secretariat and the Interim Trustee will continue to operate efficiently and will seek to maximize savings where possible.