



GREEN
CLIMATE
FUND

Administrative Budget of the Fund for 2015

GCF/B.08/24

29 September 2014

Meeting of the Board
14-17 October 2014
Bridgetown, Barbados
Agenda item 21 (a)

Recommended action by the Board

It is recommended that the Board:

- (a) Take note of the information presented in document GCF/B.08/24 *Administrative Budget of the Fund for 2015*; and
- (b) Adopt the draft decision presented in Annex I to this document.

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Administrative Budget of the Fund for 2015

I. Introduction

1. The activities of the Board, the Secretariat and the Interim Trustee are supported through an administrative budget approved by the Board. This budget is approved against the funds available in the Green Climate Fund Trust Fund (GCF Trust Fund) established by the Interim Trustee.
2. This document proposes the administrative budget for the period from 1 January to 31 December 2015 to support the operations of:
 - (a) The Board;
 - (b) The Secretariat; and
 - (c) The Interim Trustee.
3. The administrative budget proposed in this document reflects the resources required to fund the activities to be undertaken by the Board, the Secretariat and the Interim Trustee during this period.
4. The 2015 budget assumes that the Fund will have pledges and contributions in place by the end of 2014 such that during 2015 it will be able to programme and disburse resources. As such the Fund will require an administrative budget to successfully implement its programme of work.

1.1 Status of resources

5. As at 30 June 2014:
 - (a) Pledges and contributions to the GCF Trust Fund amounted to US\$-equivalent 56.3 million. Of this amount, US\$-equivalent 51.4 million was received and deposited by 13 contributors; in addition, US\$ 0.1 million of investment income was earned;
 - (b) The Interim Trustee had transferred a total of US\$ 11.9 million to cover the administrative costs of the Board, Secretariat and Interim Trustee; and
 - (c) The cumulative funding decisions made by the Board up to 30 June 2014 amounted to US\$ 55.8 million. These are set out in Table 1 which also shows actual expenditures for the period 1 January 2012 to 31 December 2013 and projected expenditures for 2014. As shown in Table 1 there was an under-expenditure of US\$ 2.9 million in 2013 (document GCF/B.06/Inf.03 *Status of Resources*), and a projected under-expenditure of US\$ 8.6 million in the administrative budget for 2014. These total US\$ 11.5 million.

Table 1: Cumulative expenditures of the Green Climate Fund versus allocated budget

Cumulative funding decisions made by the Board			
Funding period	Allocated budget	Fund cumulative expenditures to December 2014	Under-expenditures
US\$			
January 2012–October 2012	798,296	798,296	
November 2012–December 2013	7,631,000	4,771,425	(2,859,575)
January–December 2014	18,817,566	10,168,843	(8,648,723)
January–December 2015	12,042,101		
January–December 2016	12,403,364		
January–December 2017	3,125,835		
Total	54,818,162	15,738,564	(11,508,298)
Readiness activities			
2014	1,000,000	1,000,000	-
Total	55,818,162	16,738,564	(11,508,298)

6. The amount of funding available in the GCF Trust Fund taking into account the allocation of US\$ 30 million for readiness activities and under-expenditures in prior year expenditures is set out in Table 2.

Table 2: Available funding taking into account total contributions and cumulative expenditures of the Green Climate Fund

Internal monitoring of pledges and contributions			
	Administrative budget	Readiness programme	Total
US\$'000			
Total contributions and pledges	26,250	30,000	56,250
Investment income	99		99
Total	26,349	30,000	56,349
Fund cumulative expenditures	(15,739)	(1,000)	(16,739)
Total available	10,610	29,000	39,610

7. This means that there is an amount of US\$ 29.0 million available for readiness activities and an amount of US\$ 10.6 million for the administrative budget.

8. Further information on pledges and contributions, cumulative resources and funds available is presented in the report of the Interim Trustee (GCF/B.08/Inf.03 *Status of Resources*).

II. Proposed administrative budget for the Green Climate Fund for 2015

9. The proposed administrative budget for 2015 outlines in detail the costs of the Board, the Secretariat and the Interim Trustee.

2.1 Board

10. The costs of the Board detailed in Table 3 are largely related to expenditures associated with the logistical arrangements for, and travel to, Board meetings and inter-sessional meetings of Board committees, panels and working groups.

11. The costs associated with the logistics for meetings which are covered by the administrative budget of the Fund were budgeted using the following standard costs:

- (a) US\$ 20,000 for each Board meeting held abroad; this assumes that the country hosting the meeting will fund the costs of the meeting except for some miscellaneous costs;
- (b) US\$ 115,000 for each Board meeting held at the Funds' headquarters; and
- (c) US\$ 10,000 for each committee, panel or working group meeting held in person. The cost of US\$ 115,000 assumes the meetings held in Songdo are at the Fund's headquarters in the G-Tower.

12. The costs of Board committees, panels and working groups is budgeted to increase with additional travel required for the Private Sector Advisory Group, the Accreditation Panel and the Technical Advisory Panel. Where possible, virtual meetings will be held.

Table 3: Board: Proposed administrative budget for the period 1 January to 31 December 2015 (in US\$)

	Approved budget 1 January- 31 December 2014	Total projected expenditures 1 January- 31 December 2014	Proposed budget 1 January- 31 December 2015
US\$			
1.1 Board meetings			
1.1.1 Board representative travel	792,000	556,479	792,000 ^a
1.1.2 Secretariat staff travel	90,000	281,938	90,000 ^b
1.1.3 Venue and logistics	170,000	231,705	250,000 ^c
Subtotal: Board meetings	1,052,000	1,070,122	1,132,000
1.2 Co-Chair and Board representative travel			
1.2.1 Co-Chair and Board representative travel	22,500	25,550	22,500 ^d
Subtotal: Co-Chair and Board representative travel	22,500	25,550	22,500
1.3 Board committees, panels and working groups			
1.3.1 Board representative travel	90,000	31,096	186,000 ^e
1.3.2 Venue and logistics	80,000		80,000 ^f
Subtotal: Board committees, panels and working groups	170,000	31,096	266,000
Grand total (1+2+3)	1,244,500	1,126,768	1,420,500

^a Twelve members, and twelve alternate members, at an average cost of US\$ 7,500 each per meeting; 24 advisers at an average cost of US\$ 3,500 each per meeting.

^b Assuming twenty Secretariat staff at an average cost of US\$ 4,500 per meeting of the Board held away from the Fund's headquarters.

^c Assuming an average cost of US\$ 20,000 per meeting for meetings held away from the Fund's headquarters and two meetings of the Board held at the Fund's headquarters at an average cost of US\$ 115,000.

^d Assumes three Co-Chair and Board representatives at an average cost of US\$ 7,500 each.

^e Assumes three funded Board Member participants for one committee, panel and working group meeting at an average of every three months, at an average cost of US\$ 7,500 each for Board members and six non-Board member participants at an average cost of US\$ 4,000.

^f Assuming two committee, panel and working group meetings at an average of every three months, at an average cost of US\$ 10,000 per meeting.

2.2 Secretariat

13. The proposed budget for the Secretariat is set out in Table 4. It includes the costs of staff, consultancies, travel and operational/contractual services required to support the 2015 work plan of the Secretariat.

14. Personnel costs: Full time staff – document GCF/B.05/10 set out the initial structure and staffing of the Secretariat which comprised 38 specialist staff and 10 general support staff/assistants. To date 23 specialist staff and 10 general support staff/assistants have been recruited or are in the final stages of recruitment. Also currently underway is the recruitment process for the remaining 15 specialist staff positions. This process is expected to be completed by the end of December 2014. Thus, the Fund will have its full complement of staff as set out in the initial structure in place for 2015. In addition to the 48 staff above, an additional seven positions, specifically the Social and Gender Specialist, Internal Auditor and five Associate Professional Officers (APOs), are being proposed for inclusion in the staffing requirements of the Secretariat in 2015. The proposed budget assumes a Secretariat staff of 48 plus the seven new positions together with the Executive Director to be in place in 2015.

15. Each of the five APOs will be assigned to a division or office to assist in the internal and external coordination of activities. While the senior staff and specialists concentrate on their areas of expertise, the APOs will provide general support in conducting research, drafting documents, following up routine tasks and preparing reports. They are expected to fill the gap that more senior staff and junior administrative staff cannot fill. This arrangement will be crucial in sharing the heavy workload expected by each division as the Secretariat prepares for the operationalization of the Fund. The scope of work of the Internal Auditor will include internal auditing and internal control. The Social and Gender Specialist will be responsible for streamlining Fund gender policies in all aspects of its operations. The specificities of this duty require an expert who would hold a full-time position and constantly improve the procedure and processes attached to gender considerations. The expert will also provide advice to the teams as well as to countries and entities.

16. Personnel costs: Consultancy costs are budgeted at US\$ 1.522 million. It is anticipated that consultants' time will be required to provide additional specialist advice.

17. By its decision B.05/20, the Board approved 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.

The budget figure of US\$ 12,042,101 for 2015 reflects what has already been approved by the Board. The budget is sufficient to cover staff costs in 2015, including the costs of the seven proposed new positions.

Table 4: Secretariat: Proposed administrative budget for the period 1 January to 31 December 2015 (in US\$)

	Approved budget	Total projected expenditures	Proposed budget
	1 January–31 December 2014	1 January–31 December 2014	1 January–31 December 2015
	US\$		
2.1 Salaries, wages and consultancies			
2.1.1 Full-time staff	8,744,960	2,525,869	9,893,101
2.1.2 Temporary support staff	556,706	813,200	250,000
2.1.3 Consultancies	1,575,000	1,986,623	1,522,000
2.1.4 Travel of interview candidates and expert interview appraisers	217,500	290,918	72,000
2.1.5 Relocation benefits and allowances	712,500	748,526	305,000
Subtotal: Board	11,806,666	6,365,136	12,042,101
2.2 Travel			
2.2.1 Travel	450,000	449,768	985,500
Subtotal: Secretariat	450,000	449,768	985,500
2.3 Contractual services, general operating, information technology costs			
2.3.1 Office utility costs	144,000	54,760	135,000
2.3.2 Contractual services	2,000,000	1,286,647	1,818,065
2.3.3 External administrative service support	1,630,000		100,000
2.3.4 Communication and printing	250,000	25,000	350,000
2.3.5 Information and communication technology	850,000	297,135	1,700,000
Subtotal: Contractual services, general operating, information technology costs	4,874,000	1,663,542	4,103,065
Grand total (1+2+3)	17,130,666	8,478,446	17,130,666

18. **Travel:** Staff travel is budgeted at US\$ 985,500. The increase reflects the fact that as the Fund is capitalized staff will be required to undertake missions for outreach and awareness raising as needed in countries and partner institutions. The budget figure is based on detailed discussions with divisional directors and the amount of travel necessary to implement the 2015 work programmes of their respective divisions together with the travel costs associated with resource mobilization.

19. **Office costs** are budgeted at US\$ 135,000. These comprise utility costs of US\$ 90,000 for the Fund's headquarters (US\$ 5,000 per quarter, per floor, initially occupying four floors in 2015 plus US\$ 10,000 for the 13th floor). In addition an amount of US\$ 45,000 is budgeted for various office equipment and supplies.

20. **Contractual services** are budgeted at US\$ 1.818 million. This represents the cost of the contracting of consultancy firms to supplement the substantive work programme of the Secretariat in 2015. It also includes the costs of legal audit, tax, travel agent, and other professional services.

21. **Communication:** The communications work in 2015 will focus on two overarching goals:

- (a) To raise awareness, encourage support and promote collaboration among key stakeholders of the Fund; and
- (b) To use communications in a proactive role to deliver the Fund's business objectives.

22. **Information and communication technology (ICT):** The 2015 budget is largely based on a metric derived from the Gartner benchmark. This is a benchmark used across sectors which estimates that the average ICT costs for organizations operating in the public sector will require an ICT operating budget of approximately 12.5 per cent of their total budget. In the case of the Secretariat for 2015 this equates to a requirement of US\$ 1.7 million in operational funds.

23. The increase in the requested amount is also explained by the fact that in 2014 part of the ICT budget was funded by the special contribution from the Republic of Korea (US\$ 717,965). In addition there will be an increase in implementation costs of new systems in 2015.

24. The primary focus will be to continue the implementation of systems (set out below) which had already begun in 2014 but for which the majority of the work and costs will fall into the 2015 budget year.

The most important projects are:

- Enterprise Resource Planning System
- Online Accreditation System
- Online Results Management System
- Advanced Project Portfolio Management
- Professional Partner Management
- Enterprise Content Management
- Smart Business Process Automation
- Enterprise Risk Management.

2.3 Interim Trustee

25. The administrative budget proposed by the Interim Trustee in Table 5 covers the estimated costs and expenses for the Fund's Interim Trustee services. The World Bank operates on a fiscal year basis (1 July 2014–30 June 2015); however, the estimated costs and expenses to 31 December 2015 are presented, consistent with the budget timeframe.

Table 5: Interim Trustee: Proposed administrative budget for the period 1 January to 31 December 2015

Interim Trustee	Approved budget	Total projected expenditures	Proposed budget
	1 January-31 December 2014	1 January-31 December 2014	1 January-31 December 2015
US\$			
3.1 Financial and programme management			
3.1.1 Staff costs and expenses	230,400	308,470	297,600
3.1.2 Travel	30,000	83,809	49,000
Subtotal: Financial and programme management	260,400	392,279	346,600
3.2 Investment management	35,000	24,388	175,000
3.3 Accounting and reporting			
3.3.1 Staff costs and expenses	31,300	5,235	41,100
Subtotal: Accounting and reporting	31,300	5,235	41,100
3.4 Legal services			
3.4.1 Staff costs and expenses	85,700	98,658	104,000
3.4.2 Travel	30,000	43,069	49,000
Subtotal: Legal services	115,700	141,727	153,000
Grand total (1+2+3)	442,400	563,629	715,700

26. **Financial and programme management:** These items cover processes and procedures relating to:
- (a) Financial transactions;
 - (b) Development and implementation of procedures for recording allocations and commitments;
 - (c) Management and processing of contributions, including executing with contributors all banking, foreign exchange, payment requests and acknowledgements, and executing cash transfers to recipients; and
 - (d) Regular financial reporting.
27. **Investment management:** Calculated at 3.5 basis points (0.035 per cent) of the average annual undisbursed balance in the GCF Trust Fund, hypothetically assumed at an average balance of US\$ 500 million in calendar year 2015. The actual charges will be adjusted to reflect the actual balance.
28. **Accounting and reporting:** This item includes maintenance of appropriate records and accounts to identify contributions and other receipts and GCF Trust Fund liabilities.
29. **Legal services:** This item includes:
- (a) Preparing contribution agreements/arrangements with contributors and other agreements and arrangements as required, including with the Fund and its Secretariat; and
 - (b) Reviewing Fund documents, as they impact the role of the Interim Trustee.

III. Summary of the proposed administrative budget of the Green Climate Fund for 2015

30. The total proposed 2015 administrative budget of the Fund is US\$ 19.3 million as set out in Table 6. The total available funding in the Trust Fund, as set out in Table 2, is US\$ 10.6 million for the administrative budget and US\$ 29.0 million for readiness activities. Thus, additional contributions and pledges will be needed to fund the administrative budget.

31. It is proposed that the Board approves the budget with the clear provision that cash transfers would only be made by the Interim Trustee if funds are available for transfer from the GCF Trust Fund.

32. The proposed administrative Fund budget outlined in Table 6 is derived from an assessment of activities to be undertaken by the Board, the Secretariat and the Interim Trustee in this period.

Table 6: Proposed administrative budget of the Green Climate Fund for the period 1 January to 31 December 2015

	Approved budget	Total projected expenditures	Proposed Budget
	1 January to 31 December 2014	1 January to 31 December 2014	1 January to 31 December 2015
	US\$		
1. Board (see Table 3 of this document for details)	1,244,500	1,126,768	1,420,500
2. Secretariat (see Table 4 of this document for details)	17,130,666	8,478,446	17,130,666
3. Interim Trustee (see Table 5 of this document for details)	442,400	563,629	715,700
Grand total (1+2+3)	18,817,566	10,168,843	19,266,866

Annex I: Draft decision of the Board

The Board, having reviewed document GCF/B.08/24 *Administrative Budget of the Fund for 2015*:

- (a) Notes that, of the proposed administrative budget of the Green Climate Fund for the period from 1 January 2015 to 31 December 2015 of US\$ 19,266,866, as set out in Annex II of document GCF/B.08/24, US\$ 12,042,101 in staff costs was approved under Board decision B.05/20;
- (b) Approves an additional allocation of US\$ 7,224,765, bringing the total allocation for 2015 up to US\$ 19,266,866;
- (c) Authorizes the Interim Trustee to make cash transfers from the Global Climate Fund Trust Fund to the Secretariat, and to the World Bank, as the Interim Trustee, in accordance with the administrative budget of the Fund approved by the Board, subject to adjustment based upon revised costs and expenditures to be incurred.

Annex II: Administrative budget of the Green Climate Fund for the year 1 January–31 December 2015

		Approved budget for 1 January to 31 December 2014 US\$
1.	Board	
1.1	Board meetings	1,132,000
1.2	Co-Chairs and Board representative travel	22,500
1.3	Board committees, panels and groups	266,000
	Subtotal: Board	1,420,500
2.	Secretariat	
2.1	Salaries, wages and consultants	12,042,101
2.2	Travel	985,500
2.3	Contractual services, general operating, information technology costs	4,103,065
	Subtotal: Secretariat	17,130,666
3.	Interim Trustee	715,700
	Grand total (1+2+3)	19,266,866