



GREEN
CLIMATE
FUND

Status of Execution of the Administrative Budget of the Green Climate Fund and its Readiness Programme for 1 January to 31 August 2014

GCF/B.08/Inf.04

5 October 2014

Meeting of the Board

14-17 October 2014

Bridgetown, Barbados

Agenda item 20 (b)

Status of Execution of the Administrative Budget of the Green Climate Fund and its Readiness Programme for 1 January to 31 August 2014

I. Introduction

1. This document reports on the administrative budget of the Green Climate Fund and its Readiness Programme for the period 1 January to 31 August 2014. It is prepared to provide the Board with information on the actual expenditures incurred as at the end of August 2014. The amounts shown are based on the latest accounts and estimates of the Secretariat and Interim Trustee of the Green Climate Fund.
2. This document also provides details of total projected administrative expenditures for the year, based on actuals to 31 August 2014, and on estimated expenditures for the period 1 September to December 2014. These are set out in Table 1.
3. This document provides details on actual expenditures related to readiness activity up to 31 August 2014 and total projected expenditures for the year against the Board approved allocation of US\$ 1.0 million. These are set out in Table 3.
4. 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, as detailed in Table 4.
5. A full year report on actual expenditures related to the administrative budget and readiness activities, and against the special contribution from the Government of the Republic of Korea, will be prepared for the first meeting of the Board in 2015.

II. Administrative budget expenditures for the period from 1 January to 31 August 2014 and projected expenditures to 31 December 2014

2.1 Approved budget

6. 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.

2.2 Actual expenditures

7. During the period from 1 January to 31 August 2014, total expenditures amounted to US\$ 4,827,386. Of this, US\$ 701,616 related to the Board's expenditures; US\$ 3,809,747 to Secretariat expenditures and US\$ 316,029 to Interim Trustee expenditures. The Interim Trustee expenditures are based on actuals to 30 June 2014 and projected for the period 1 July – 31 August 2014. These expenditures are detailed in Table 1.

8. The total expenditures to date are significantly lower than budget for the following main reasons:
- 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. This resulted in savings in the Board's budget;
 - For Secretariat expenditures, the seven month delay in filling positions resulted in significant under expenditure on staff costs and salaries. Up to 31 August 2014, US\$ 3,107,737 was expended partly on staff costs, but mostly on the use of temporary staff and full-time and part-time consultants, most of whom worked remotely. By the end of July 2014, the Fund had only one permanent staff member, namely the Executive Director. From 1 August 2014 onwards, new staff began to join the Secretariat as recruitment activities for 23 professional positions had either been concluded or were nearing completion;
 - The budget for contractual services, including information and communications technology (ICT) costs, are also significantly under budget. This is due in part to ICT equipment being funded through the special contribution made by the Government of the Republic of Korea. In addition, delays in the recruitment of staff has resulted in delays in activities; and
 - Thus the under expenditure is due to a mixture of cost savings as well as the postponement of some expenditures.

Table 1: Total administrative expenditures for the period from 1 January to 31 August 2014 and total projected expenditures for the year to 31 December 2014 (in US\$)

	Approved budget	Actual expenditures	Estimated expenditures	Total projected expenditures	Over/(under) expenditure
	1 January - 31 December 2014	1 January - 31 August 2014	1 September - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014
	US\$				
1 Board					
1.1 Board meetings	1,052,000	664,946	405,176	1,070,122	18,122
1.2 Co-Chairs and Board representative travel	22,500	15,550	10,000	25,550	3,050
1.3 Board committees, panels and groups	170,000	21,120	9,976	31,096	(138,904)
Subtotal: Board	1,244,500	701,616	425,152	1,126,768	(117,732)
2 Secretariat					
2.1 Salaries, wages and consultants	11,806,666	3,107,737	3,257,399	6,365,136	(5,441,530)
2.2 Travel	450,000	142,268	307,500	449,768	(60,232)
2.3 Contractual services, general operating, information technology costs	4,874,000	559,742	1,103,800	1,663,542	(3,150,458)
Subtotal: Secretariat	17,130,666	3,809,747	4,668,699	8,478,446	(8,652,220)
3 Interim Trustees	442,400	316,023	247,600	563,623	121,223
Grand total (1+2+3)	18,817,566	4,827,386	5,341,451	10,168,837	(8,648,729)

2.3 Secretariat expenditures

9. Secretariat expenditures for the period from 1 January to 31 August 2014 and projected to 31 December 2014 are set out in Table 2.

Table 2: Total Secretariat expenditures for the period from 1 January to 31 August 2014 and total projected expenditures for the year to 31 December 2014 (in US\$)

	Approved budget	Actual expenditures	Estimated expenditures	Total projected expenditures	Over/ (under) expenditure
	1 January - 31 December 2014	1 January - 31 August 2014	1 September - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014
US\$					
2.1 Salaries and consultants					
2.1.1 Full-time staff	8,744,960	856,162	1,669,707	2,525,869	(6,219,091)
2.1.2 Temporary support staff	556,706	641,200	172,000	813,200	256,494
2.1.3 Consultancies	1,575,000	1,245,931	740,692	1,986,623	411,623
2.1.4 Travel of interview candidates and expert interview appraisers	217,500	155,918	135,000	290,918	73,418
2.1.5 Relocation benefits and allowances	712,500	208,526	540,000	748,526	36,026
Subtotal: salaries and consultants	11,806,666	3,107,737	3,257,399	6,365,136	(5,441,530)
2.2 Travel					
2.2.1 Travel	450,000	142,268	307,500	449,768	(60,232)
Subtotal: Travel	450,000	142,268	307,500	449,768	(60,232)
2.3 Contractual services, general operating, information technology costs					
2.3.1 Office utilities and supplies	144,000	22,360	32,400	54,760	(89,240)
2.3.2 Contractual services	2,000,000	343,647	943,000	1,286,647	(753,353)
2.3.3 External administrative service support ^(a)	1,630,000	-	-	-	(1,630,000)
2.3.4 Communication and printing	250,000	-	25,000	25,000	(225,000)
2.3.5 Information and communication technology	850,000	193,735	103,400	297,135	(452,865)
Sub-total: Contractual services, general operating, information technology costs	4,874,000	559,742	1,103,800	1,663,542	(3,150,458)
Grand total (1+2+3)	17,130,666	3,809,747	4,668,699	8,478,446	(8,652,220)

(a) Projected outsourcing did not take place.

2.4 Projected expenditures

10. Total expenditures for the year to 31 December 2014 are projected to be approximately US\$ 10,168,843. These are lower than budget for the following main reasons:
- a) The Board expenditures are projected to be under budget primarily because the costs of the venue and related logistical services for the February 2014 Board meeting in Indonesia and the October meeting in Barbados are funded by the host governments and not out of the Board budget. However, the under expenditure is broadly offset by the costs of secretariat staff having to travel to these locations;
 - b) Staff costs are projected to be 71 per cent underspent. As explained earlier this is due to delays in the recruitment of permanent staff, partially offset by the use of temporary staff and consultants. As noted in paragraph 3, from 1 August onwards new staff began to join the Secretariat as recruitment activities for 23 professional positions had either been concluded or were nearing completion. In addition, recruitment for 10 administrative positions is also nearing completion and recruitment processes for the remaining 15 professional positions has begun. The recruitment is being handled internally by the Secretariat. We would expect to see full staff budget utilisation in 2015;
 - c) Contractual services, general operating and ICT costs are projected to be significantly lower. This is primarily because a budget of US\$ 1.63 million for external administrative services has not been utilised because the Secretariat hired temporary staff to undertake the tasks of administrative services rather than outsource them. This was more cost-efficient. In addition the cost of ICT equipment was funded through the special contribution made by the Government of the Republic of Korea;
 - d) Costs and expenses for trustee services to the Fund for the period 1 January 2014 to 30 June 2014 amounted to US\$ 192,229. Costs and expenses for the balance of calendar year 2014 are estimated at US\$ 371,400 and include the estimated additional costs and expenses associated with support to the Secretariat during the Initial Resource Mobilization process, in accordance with the decision B.07/09.

2.5 Readiness expenditures

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. The Board approved an allocation of US\$ 1.0 million for readiness activities. The total projected expenditures for the year to 31 December 2014 are set out in Table 3.

Table 3: Expenditures incurred on readiness activities for the period from 1 January to 31 August 2014 and total projected expenditures for the year to 31 December 2014 (in US\$)

	Approved budget	Actual expenditures	Estimated expenditures	Total projected expenditures
	1 January - 31 December 2014	1 January - 31 August 2014	1 September - 31 December 2014	1 January - 31 December 2014
	US\$			
Total	1,000,000	147,824	542,176	690,000

12. The Country Programme Readiness team has developed detailed work programmes, and all of the US\$ 1.0 million has been committed. Included in the US\$ 1.0 million is an amount of US\$ 0.62 million for activities in six countries. Of this US\$ 0.62 million, US\$ 0.31 million will be expended in the period to December 2014 and the remaining US\$ 0.31 in the first quarter of 2015.

2.6 Special contribution from the Government of the Republic of Korea

Table 4: Expenditures incurred on the special contribution received from the Government of the Republic of Korea for the period from 1 January to 31 August 2014 (in US\$) and total projected expenditures for the year to 31 December 2014 (in US\$)

	Contribution	Actual expenditures	Estimated expenditures	Total projected expenditures	Balance remaining
		1 January - 31 August 2014	1 September - 31 December 2014		
	US\$				
ICT equipment and services		482,965	235,000	717,965	
Office furniture and supplies		172,885	118,000	290,885	
Total	1,400,000	655,850	353,000	1,008,850	391,150

13. Total expenditure to date amounts to US\$ 482,965 for ICT equipment and US\$ 172,885 for office furniture and supplies for the 10th, 11th and 12th floor of the G-Tower, totalling US\$ 655,850.

14. Estimated expenditures for the period September–December 2014 are US\$ 353,000 for additional ICT equipment to future Board meetings. In addition US\$ 118,000 will be expended on office furniture for the 13th and 9th floor.