



**GREEN
CLIMATE
FUND**

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GCF/B.14/Inf.10

6 October 2016

Report on the execution of the 2016 administrative budget of the Green Climate Fund at 31 August 2016

Summary

This document presents an update of actual expenditures for the eight months to 31 August 2016 against the approved budget for 2016. It is based on actual expenditures relating to activities of the Board and the Secretariat for the period 1 January to 31 August 2016 and estimated expenditures for the interim trustee.

For the eight-month period of 1 January to 31 August 2016, total expenditures on the Board and the Secretariat as well as estimated expenditures for the services of the Interim Trustee amounted to USD 14.8 million or 41% against a budget of USD 36.1 million.

This document explains the drivers for a number of areas with a relatively low rate of spending and provides an assessment of anticipated progress against each by the end of the year.

I. Introduction

1. This document reports on the execution of the administrative budget of the Green Climate Fund for the period 1 January to 31 August 2016. It is intended to provide the Board with information on actual expenditures for the eight months to 31 August 2016. These are set out in Table 1. The amounts shown are based on actual expenditures for the Board and for the Secretariat, and on the estimated expenses for the Interim Trustee (World Bank) in Washington, DC.

II. Administrative budget expenditures for the period 1 January to 31 August 2016

2.1 Approved budget

2. By its decision B.11/08, the Board approved, from the resources available in the Green Climate Fund Trust Fund, an administrative budget of up to USD 29,157,227 for the period from 1 January to 31 December 2016. At its twelfth meeting, the Board by its decision B.12/27 approved the following amounts additional to the approved budget in decision B.11/08.

- (a) USD 4,351,993 for staffing
- (b) USD 1,562,855 in ancillary non staff costs
- (c) USD 772,640 for the administrative budget of the Board.

3. In addition by its decision B.12/21 the Board approved a budget increment for 2016 of USD 300,000 for the selection of the Executive Director, including the costs of the independent executive search firm.

4. This brings the total approved budget for 2016 to USD 36,144,715.

2.2 Actual expenditures for 2016 at 31 August 2016

5. For the eight month period of 1 January to 31 August 2016, total expenditures on the Board and the Secretariat as well as estimated expenditures for the services of the Interim Trustee amounted to USD 14.8 million against a budget of USD 36.1 million. Of this figure, USD 1.63 million were related to the Board; USD 12.6 million to the Secretariat, and USD 0.6 million to the Interim Trustee. These are set out in Table 1. The interim trustee expenditures are based on actual expenditures for the period to 30 June and estimated expenditures for the two months to 31 August.

Table1: Administrative budget expenditures 2016 at 31 August 2016 (in United States dollars)

2016 Budget					
		Budget	Actual to 31 August 2016	Balance	% spent
1	Board	4,708,193	1,629,256	3,078,937	35%
2	Secretariat	30,560,722	12,588,354	17,972,368	41%
3	Interim trustees	875,800	586,922	288,878	67%
	Grand total (1+2+3)	36,144,715	14,804,532	21,340,183	41%

2.3 Board expenditures

6. Detailed Board expenditures for the period 1 January to 31 August 2016 are set out in table 2.

Table 2: Board expenditures for 2016 at 31 August 2016 (in United States dollars)

BOARD BUDGET 2016					
		Approved Budget	Actual to 31 August 2016	Balance	% spent
1.1	Board meetings				
1.1.1	Board representative travel	1,056,000	543,530	512,470	51%
1.1.2	Secretariat staff travel	260,000		260,000	0%
1.2.3	Venue and logistics	380,000	182,821	197,179	48%
	Sub-total: Board meetings	1,696,000	726,351	969,649	43%
1.2	Co-Chair and Board representative travel				
1.2.1	Co-Chair and Board representative travel	22,500	15,205	7,295	68%
	Sub-total: Co-Chair and Board representative travel	22,500	15,205	7,295	68%
1.3	Board committees, panels and working groups				
1.3.1	Board representative travel	317,000	93,744	223,256	30%
1.3.2	Venue and logistics	10,000	2,777	7,223	28%
	Compensation of Board panels: Accreditation Panel	588,000	223,092	364,908	38%
1.3.3	Compensation of Board panels: Technical Advisory Panel	720,000	295,042	424,958	41%
	Recruitment of the Executive Director	300,000	85,000	215,000	28%
1.3.4	Recruitment of consultant company - Heads of Independent Units	254,640	188,045	66,595	74%
	Sub-total: Board committees, panels and working groups	2,189,640	887,700	1,301,940	41%
1.4	Accountability Units				
1.4.1	Salaries and consultants	665,053	-	665,053	0%
1.4.2	Travel	45,000	-	45,000	0%
1.4.3	Professional services	90,000	-	90,000	0%
	Sub total: Accountability Units	800,053	-	800,053	0%
	Grand total (1+2+3)	4,708,193	1,629,256	3,078,937	35%

7. Total Board expenditures at 31 August 2016 amounted to USD 1.63 million or 35 per cent of the total budget of USD 4.7 million. This is primarily due to under expenditures on Board panels and non- utilization of the accountability unit budgets pending the recruitment of the respective heads.
8. Board meeting expenditures of USD 0.73 million at 31 August, include the costs of both the informal meeting held in Cape Town in February 2016, and the twelfth and thirteenth meetings held in Songdo in March and June.
9. Expenditures of USD 0.9 million for Board committees, panels and working groups include USD 0.1 million for Board representative travel, USD 0.2 million for the costs of the Accreditation Panel; US\$ 0.3 million for the costs of the Technical Advisory Panel and US\$ 0.3 million for the costs of the consultancy company recruiting the heads of the independent units and the ED. With two Board meeting scheduled for October and December we would expect costs for both the AP and TAP to come back more into line with budget. With the recruitment of the new ED and two of the three heads of accountability units scheduled to take up their positions on 1 November 2016 we would also expect portions of these two budgets to be utilised.

2.4 Secretariat expenditures

10. Secretariat expenditures for the period 1 January to 31 August 2016 are set out in Table 3.

Table 3: Secretariat 2016 expenditures at 31 August 2016(in United States dollars)

SECRETARIAT BUDGET 2016					
		Budget	Actual to 31 August 2016	Balance	% spent
2.1	Salaries & consultants				
2.1.1	Full-time staff	15,711,457	6,334,836	9,376,621	40%
2.1.2	Consultancies	4,038,910	2,762,358	1,276,552	68%
	Sub-total- salaries & consultants	19,750,367	9,097,194	10,653,173	46%
2.2	Travel				
2.2.1	Travel	1,569,500	633,906	993,628	37%
	Sub-total - travel	1,569,500	575,872	993,628	37%
2.3	Contractual services, general operating, information technology costs				
2.3.1	Office utility costs	300,000	200,000	100,000	67%
2.3.2	Contractual services	4,117,000	481,322	3,635,678	12%
2.3.3	Other Operating costs	475,000	209,529	265,471	44%
2.3.4	Communication and printing	315,000	83,875	231,125	27%
2.3.5	Information and communication technology	3,183,855	1,373,896	1,809,959	43%

2.3.6	Depreciation	850,000	566,666	283,334	67%
	Sub-total: Contractual services, general operating, information technology costs	9,240,855	2,915,288	6,325,567	32%
	Grand total (1+2+3)	30,560,722	12,588,354	17,972,368	41%

11. Total Secretariat expenditures at 31 August 2016 amounted to USD 12.6 million of the total budget of USD 30.6 million.

12. The following main points are noteworthy regarding the USD 12.6 million spent by the Secretariat over the eight month period to 31 August 2016:

- (a) Accumulated execution of the administrative budget for the Secretariat represents 41% for the year;
- (b) Aggregate expenditures on staff costs and consultants amount to USD 9.1 million or 46 per cent. The Board approved an additional budget of USD 4.4 million at B.12 (included in the USD 15.7 million) for the recruitment of new staff. Staff are currently being recruited and began to join the Fund during the period June-August. As more staff are recruited in the later part of the year budget utilisation for staff will increase.
- (c) Travel costs for staff and consultants are USD 0.63 million or 37% against a budget of USD 1,569,500.
- (d) Costs for contractual services, general operations, and information and communication technology (ICT) are USD 2.9 million or 32% of the budget of USD 9,240,855. The primary reason for the underspent is
 - (i) under expenditures against a budget of USD 1 million for two RFP's to establish a pilot programme to support micro-, small-, and medium- sized enterprises (MSMEs), and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation and
 - (ii) delayed expenditures against a budget of USD 1 million for the development of necessary day-to-day manuals and guidelines for operations & risk, which are required to ensure consistent assessments and compliance with standard risk procedures;

2.5 Interim Trustee

13. Estimated expenditures on interim trustee services for the period 1 January to 31 August 2016 are set out in Table 4.

Table 4: Estimated Interim Trustee expenditures for 2016 (in United States dollars)

INTERIM TRUSTEES BUDGET 2016					
		Budget	Estimated expenditure to 31 August 2016	Balance	% spent
3.1	Financial and program management				
3.1.1	Staff costs and expenses	304,800	204,216	100,584	67%



3.1.2	Travel	48,400	32,428	15,972	67%
	Sub-total: Financial and program management	353,200	236,644	116,556	67%
3.2	Investment Management	262,500	256,000	6,500	98%
3.3	Accounting and reporting				
3.3.1	Staff costs and expenses	55,000	36,850	18,150	67%
3.3.2	External Audit	50,000	-	50,000	0%
	Sub-total: Accounting and reporting	105,000	36,850	68,150	35%
3.4	Legal services				
3.4.1	Staff costs and expenses	106,700	25,000	81,700	23%
3.4.2	Travel	48,400	32,428	15,972	67%
	Sub-total: Legal services	155,100	57,428	97,672	37%
	Grand total (1+2+3)	875,800	586,922	288,878	67%

14. Costs and expenses for trustee services to the GCF are based on actual expenditures for the six months to 30 June and are prorated for the months of July/August of the year. They are running in line with budget at 67%.

15. Of note is that investment management fees are higher than budget because the average cash balances have been greater than the USD 750 million estimate used initially. Higher expenditures on investment management fees are offset by under expenditures on external audit fees and legal services. The GCF places reliance on the single external audit of the World Bank Trust Funds and does not require a separate audit of the GCF Trust Fund.

III. Conclusion

16. At present time both the Board and Secretariat budgets for 2016 are underspent as a result of delays in a number of areas (e.g. staffing) as noted above. As progress in each of these areas is expected in the short term, it is anticipated that these budgets will come closer in line by the end of the year. Some under expenditures against budget will likely remain at the end of the year.

17. To note, the interim trustee transfers funds at regular intervals to the Secretariat based on their estimated cash flow requirements rather than as a lump sum at the beginning of the year. Any balances from the annual budget at the year-end will return to the general account for future allocation by the Board.

18. Recommendation by the Budget Committee:

(a) The BC recommends that the Board takes note of the Report on the Execution of the Budget at 31 August 2016



Annex I: Draft decision of the Board

1. The Board, having considered document GCF/B.14/Inf.10 “Report on the execution of the 2016 administrative budget of the Green Climate Fund at 31 August”,

(a) Takes note of the report.
