



**GREEN
CLIMATE
FUND**

Meeting of the Board
14-16 December 2016
Apia, Samoa
Provisional Agenda Item 22(a)

GCF/B.15/Inf.13

7 December 2016

Report on the Execution of the 2016 administrative budget of the Green Climate Fund at 31 October 2016

Summary

This document presents an update of actual expenditures for the ten months to 31 October 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 October 2016 and estimated expenditures for the interim trustee.

For the ten-month period of 1 January to 31 October 2016, total expenditures on the Board and the Secretariat as well as estimated expenditures for the services of the Interim Trustee amounted to USD 19.1 million or 53% 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 the execution of the administrative budget of the Green Climate Fund for the period 1 January to 31 October 2016. It is intended to provide the Board with information on actual expenditures for the ten months to 31 October 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 October 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 October 2016

5. For the ten-month period of 1 January to 31 October 2016, total expenditures on the Board and the Secretariat as well as estimated expenditures for the services of the Interim Trustee amounted to USD 19.2 million against a budget of USD 36.1 million. Of this figure, USD 2.3 million were related to the Board; USD 16.1 million to the Secretariat, and USD 0.8 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 period to 31 October.

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

2016 Budget					
		Budget	Actual to 31 October 2016	Balance	% spent
1	Board	4,708,193	2,266,680	2,441,513	48%
2	Secretariat	30,560,722	16,075,925	14,484,797	53%
3	Interim trustee	875,800	854,229	21,571	98%
	Grand total (1+2+3)	36,144,715	19,196,834	16,947,881	53%

2.3 Board expenditures

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

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

BOARD BUDGET 2016					
		Approved Budget	Actual to 31 October 2016	Balance	% spent
1.1	Board meetings				
1.1.1	Board representative travel	1,056,000	836,474	219,526	79%
1.1.2	Secretariat staff travel	260,000		260,000	0%
1.2.3	Venue and logistics	380,000	287,821	92,179	76%
	Sub-total: Board meetings	1,696,000	1,124,295	571,705	66%
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	118,744	198,256	37%
1.3.2	Venue and logistics	10,000	2,777	7,223	28%
1.3.3	Compensation of Board panels: Accreditation Panel	588,000	246,816	341,184	42%
	Technical Advisory Panel	720,000	365,798	354,202	51%
1.3.4	Recruitment of the Executive Director	300,000	205,000	95,000	68%
1.3.5	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	1,127,180	1,062,460	51%
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	2,266,680	2,441,513	48%

7. Total Board expenditures at 31 October 2016 amounted to USD 2.3 million or 48 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 1.1 million at 31 October include the costs of both the informal meeting held in Cape Town in February 2016, and the twelfth, thirteenth and fourteenth meetings held in Songdo in March, June and September.

9. Expenditures of USD 1.1 million for Board committees, panels and working groups include USD 0.1 million for Board representative travel, USD 0.25 million for the costs of the Accreditation Panel; US\$ 0.37 million for the costs of the Technical Advisory Panel and US\$ 0.4 million for the costs of the consultancy company recruiting the heads of the independent units and the ED. With a Board meeting scheduled for December we would expect costs for both the AP and TAP to come back more into line with budget.

10. The Heads of the Independent Redress Mechanism Unit and Independent Integrity Unit joined on 1 November. Expenditures will be incurred for the last two months of 2016 which will increase the overall budget spend.

2.4 Secretariat expenditures

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

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

Secretariat budget & expenditures to 31 October 2016					
		Budget	Actual to 31 October 2016	Balance	% spent
2.1	Salaries & consultants				
2.1.1	Full-time staff	15,711,457	8,420,224	7,291,233	54%
2.1.2	Consultancies	4,038,910	3,405,462	633,448	84%
	Sub-total- salaries & consultants	19,750,367	11,825,686	7,924,681	60%
2.2	Travel				
2.2.1	Travel	1,569,500	792,382	777,118	50%
	Sub-total - travel	1,569,500	575,872	777,118	37%
2.3	Contractual services, general operating, information technology costs				
2.3.1	Office utility costs	300,000	250,000	50,000	83%
2.3.2	Contractual services	4,117,000	763,746	3,353,254	19%
2.3.3	Other Operating costs	475,000	259,756	215,244	55%
2.3.4	Communication and printing	315,000	83,875	231,125	27%
2.3.5	Information and communication technology	3,183,855	1,808,657	1,375,198	57%
2.3.6	Depreciation	850,000	508,333	341,667	60%
	Sub-total: Contractual services, general operating, information technology costs	9,240,855	3,674,367	5,566,488	40%
	Grand total (1+2+3)	30,560,722	16,075,925	14,268,287	53%

12. Total Secretariat expenditures at 31 October 2016 amounted to USD 16.1 million of the total budget of USD 30.6 million.

13. The following main points are noteworthy regarding the USD 16.1 million spent by the Secretariat over the ten-month period to 31 October 2016:

- (a) Accumulated execution of the administrative budget for the Secretariat represents 53% for the year;
- (b) Aggregate expenditures on staff costs and consultants amount to USD 11.8 million or 60 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-October. 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 0.8 million or 50% against a budget of USD 1,569,500.
- (d) Costs for contractual services, general operations, and information and communication technology (ICT) are USD 3.7 million or 40% 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

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

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

Interim Trustee Budget & expenditures to 31 October 2016					
		Budget	Estimated expenditure to 31 October 2016	Balance	% spent
3.1	Financial and program management				
3.1.1	Staff costs and expenses	304,800	253,898	50,902	83%
3.1.2	Travel	48,400	40,317	8,083	83%
	Sub-total: Financial and program management	353,200	294,216	58,984	83%
3.2	Investment Management	262,500	385,000	(122,500)	147%
3.3	Accounting and reporting				
3.3.1	Staff costs and expenses	55,000	45,815	9,185	83%
3.3.2	External Audit	50,000	-	50,000	0%
	Sub-total: Accounting and reporting	105,000	45,815	59,185	44%
3.4	Legal services				
3.4.1	Staff costs and expenses	106,700	88,881	17,819	83%
3.4.2	Travel	48,400	40,317	8,083	83%
	Sub-total: Legal services	155,100	129,198	25,902	83%
	Grand total (1+2+3)	875,800	854,229	21,571	98%

15. 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- October. They are running in line with budget with the with the exception of investment management fees that reflect the higher than anticipated average balances in the GCF Trust Fund.

16. Investment management fees are higher than budget because the average cash balances in the GCF Trust Fund have been greater than the USD 750 million estimate provided by the Secretariat at the time of preparation of the budget for 2016. Higher investment management fees are usually offset by higher investment income as a result of the higher balances. Also to note is that the GCF has decided not to request externally audited financial statements for the trust fund, for a savings of USD 50,000. The GCF places reliance on the single external audit of the World Bank Trust Funds and has not yet required a separate audit of the GCF Trust Fund.

III. Conclusion

17. 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 being made, it is anticipated that these budgets will come more into line by the end of the year. Some under expenditures against budget, however, will likely remain at the end of the year.

18. 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 be returned to the GCF Trust Fund at the interim trustee for future allocation by the Board.

19. 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 October 2016

Annex I: Draft decision

The Board, having considered document GCF/B.15/Inf.13 “Report on the execution of the 2016 administrative budget of the Green Climate Fund at 31 October”,

Takes note of the report.
