



**GREEN
CLIMATE
FUND**

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Report on the execution of the 2017 administrative budget of the GCF as at 31 May 2017

Summary

This document presents an update of actual expenditures for the five months to 31 May 2017 against the approved administrative budget. It is based on actual expenditures relating to activities of the Board, the independent accountability units and the Secretariat for the period of 1 January to 31 May 2017 and estimated expenditures for the Interim Trustee.

For the five-month period of 1 January to 31 May 2017, total expenditures on the Board, the Independent Units and the Secretariat as well as estimated expenditures for the services of the Interim Trustee amounted to USD 13.9 million or 28 per cent against a budget of USD 49.2 million.

I. Introduction

1. This document reports on the administrative budget of the GCF for the period of 1 January to 31 May 2017. It is intended to provide the Board with information on actual expenditures for the five months from 1 January to 31 May 2017. These expenditures are set out in table 1 below. The amounts shown are based on actual expenditures on the Board, the independent accountability units and the Secretariat, and on the estimated expenditures for the Interim Trustee (World Bank) in Washington, DC, United States of America.

II. Administrative budget expenditures for the period of 1 January to 31 May 2017

2.1 Approved budget

2. By decision B.16/01, the Board approved, from the resources available in the Green Climate Fund Trust Fund, an administrative budget of up to USD 46,784,071 for the period of 1 January to 31 December 2017.
3. The Board also approved the following budgets for the three independent accountability units:
 - (a) USD 999,141 under decision B.15/12 for the Independent Redress Mechanism Unit for the period of 1 January to 31 December 2017;
 - (b) USD 1,017,791 under decision B.15/13 for the Independent Integrity Unit for the period of 1 January to 31 December 2017; and
 - (c) USD 370,930 under decision B.16/07 for the Independent Evaluation Unit for the period of March to June 2017.
4. This brings the total approved budget for 2017 to USD 49,171,933.

2.2 Actual expenditures for 2017 as at 31 May 2017

5. For the five-month period of 1 January to 31 May 2017, total expenditures on the Board, the independent accountability units, and the Secretariat, as well as estimated expenditures for the services of the Interim Trustee amounted to USD 13.9 million against a budget of USD 49.2 million. Of this figure, USD 0.8 million was related to the Board, USD 0.5 million to the independent accountability units; USD 12.1 million to the Secretariat, and USD 0.5 million to the Interim Trustee. These are set out in table 1 below. The Interim Trustee expenditures are estimated based primarily on the pro rata share of approved amounts for the year.

Table1: Administrative budget expenditures for 2017 as at 31 May 2017 (in United States dollars)

	2017 approved budget	Actual expenditures to 31 May 2017	Balance	% spent
Board	3,186,305	784,703	2,401,602	25
Independent accountability units	2,387,862	505,936	1,881,926	21
Secretariat	42,471,526	12,088,555	30,382,971	28
Interim Trustee	1,126,240	525,073	601,167	47
Total (1+2+3)	49,171,933	13,904,267	35,267,666	28

2.3 Board expenditures

6. Detailed Board expenditures for the period of 1 January to 31 May 2017 are set out in table 2.

Table 2: Board expenditures for 2017 as at 31 May 2017 (in United States dollars)

	2017 approved budget	Actual expenditure to 31 May 2017	Balance	% spent
1 Board meetings				
1.1 Board representative travel	1,087,680	219,158	868,522	20
1.2 Venue and logistics	391,400	82,656	308,744	21
Subtotal: Board meetings	1,479,080	301,814	1,177,266	20
2 Co-Chair and Board representative travel				
2.1 Co-Chair and Board representative travel	23,175	-	23,175	0
Subtotal: Co-Chair and Board representative travel	23,175	-	23,175	0
3 Board committees, panels and working groups				
3.1 Board representative travel	326,510	46,239	280,271	14
3.2 Venue and logistics	10,300	-	10,300	0
3.3 Compensation of Board panels: Accreditation Panel	605,640	172,650	432,990	29
3.4 Compensation of Board panels: independent Technical Advisory Panel	741,600	264,000	477,600	36
Subtotal: Board committees, panels and working groups	1,684,050	482,889	1,201,161	29
Grand total (1+2+3)	3,186,305	784,703	2,401,602	25

7. Total actual Board expenditures as at 31 May 2017 amounted to USD 0.8 million or 25 per cent of the total budget of USD 3.2 million.

8. Actual Board meeting expenditures of USD 0.3 million as at 31 May include the costs of the sixteenth meeting of the Board held in Songdo, Incheon, Republic of Korea, in April 2017.

9. Actual expenditures of USD 0.5 million on Board committees, panels and working groups include USD 264,000 and USD 172,650 for the costs of the independent Technical Advisory Panel and the Accreditation Panel, respectively, and USD 46,239 on the costs of the Accreditation Panel and the independent Technical Advisory Panel meetings held during the reporting period.

2.4 Independent accountability units

10. Independent accountability units expenditures for the period of 1 January to 31 May are set out in tables 3, 4 and 5.



Table 3: Independent Redress Mechanism Unit 2017 expenditures as at 31 May 2017 (in United States dollars)

	2017 approved budget	Actual expenditure to 31 May 2017	Balance	% spent
1 Salaries and consultants				
1.1 Full-time staff	722,791	131,771	591,020	18
1.2 Consultants	163,350	10,560	152,790	6
Subtotal: salaries and consultants	886,141	142,331	743,810	25
2 Travel				
2.1 Travel	93,000	13,216	79,784	14
Sub-total: travel	93,000	13,216	79,784	14
3 Professional services				
3.1 Operating costs	20,000	-	20,000	0
Sub-total: professional services	20,000	-	20,000	0
Total (1+2+3)	999,141	155,547	843,594	16

11. Actual expenditures for the Independent Redress Mechanism Unit are USD 155,547 against an approved annual budget of USD 999,141. Full-time staff costs of USD 131,771 comprise 85 per cent of total actual expenditures as at 31 May. The approved budget is for the year ending 31 December 2017.

Table 4: Independent Integrity Unit 2017 expenditures as at 31 May 2017 (in United States dollars)

	2017 approved budget	Actual expenditure to 30 April 2017	Balance	% spent
1 Salaries and consultants				
1.1 Full-time staff	722,791	198,800	523,991	28
1.2 Consultants	200,000	26,000	174,000	13
Subtotal: salaries and consultants	922,791	224,800	697,991	24
2 Travel				
2.1 Travel	75,000	13,564	61,436	18
Subtotal: travel	75,000	13,564	61,436	18
3 Professional services				
3.1 Operating costs (including workshop) Software development costs	20,000	-	20,000	0
Subtotal: professional services	20,000	-	20,000	0
Total (1+2+3)	1,017,791	238,364	779,427	23

12. Actual expenditures for the Independent Integrity Unit are USD 238,364 against an approved annual budget of USD 1,017,791. Full-time staff costs of USD 198,800 comprise 83 per cent of total actual expenditures as at 31 May. The approved budget is for the year ending 31 December 2017.



Table 5: Independent Evaluation Unit 2017 expenditures as at 31 May 2017 (in United States dollars)

	Approved budget March - June 2017	Actual expenditure to 31 May 2017	Balance	% spent
1 Salaries and consultants				
1.1 Full-time staff	240,930	104,605	136,325	43
1.2 Consultants	70,000	2,742	67,258	4
Subtotal: salaries and consultants	310,930	107,347	203,583	35
2 Travel				
2.1 Travel	20,000	4,678	15,322	23
Subtotal: travel	20,000	4,678	15,322	23
3 Professional services				
3.1 Support for evaluation related international meetings	20,000	-	20,000	0
3.2 Operating costs	20,000	-	20,000	0
Subtotal: professional services	40,000	-	40,000	0
Total (1+2+3)	370,930	112,025	258,905	30

13. Actual expenditures for the Independent Evaluation Unit are USD 112,025 against an approved budget of USD 370,930 for the period of March to June 2017. Full-time staff costs of USD 104,605 comprise 93 per cent of total actual expenditures as at 31 May. The approved budget is for the period of March to June 2017.

2.5 Secretariat expenditures

14. Secretariat expenditures for the period of 1 January to 31 May 2017 are set out in table 6 below.

Table 6: Secretariat 2017 expenditures as at 31 May 2017 (in United States dollars)

	2017 approved budget	Actual expenditure to 31 May 2017	Balance	% spent
1 Salaries and consultants				
1.1 Full-time staff	24,143,451	6,714,920	17,428,531	28
1.2 Consultants	3,866,920	1,834,530	2,032,390	47
Subtotal: salaries and consultants	28,010,371	8,549,450	19,460,921	31
2 Travel				
2.1 Travel	1,569,500	587,158	982,342	37
2.2 Secretariat staff travel – Board meeting	267,800	-	267,800	0
Sub-total: travel	1,837,300	587,158	1,250,142	32
3 Contractual services, general operating, and information technology costs				
3.1 Office utility costs	300,000	125,000	175,000	42
3.2 Contractual services	7,500,000	1,033,322	6,466,678	14
3.3 Other operating costs	475,000	138,261	336,739	29

	2017 approved budget	Actual expenditure to 31 May 2017	Balance	% spent
3.4 Communication and printing	315,000	204,096	110,904	65
3.5 Information and communication technology	3,183,855	1,097,101	2,086,754	34
3.6 Depreciation	850,000	354,167	495,833	42
Subtotal: contractual services, general operating, and information technology costs	12,623,855	2,951,947	9,671,908	23
Total (1+2+3)	42,471,526	12,088,555	30,382,971	28

15. Total actual Secretariat expenditures as at 31 May 2017 amounted to USD 12.1 million of the total budget of USD 42.5 million.

16. The following main points are noteworthy regarding the USD 12.1 million spent by the Secretariat over the five-month period of 1 January to 31 May 2017:

- (a) The accumulated execution of the administrative budget for the Secretariat represents 28 per cent of the total for the year;
- (b) Aggregate expenditures on staff costs and consultants amount to USD 8.5 million or 31 per cent of the total for the year;
- (c) Total expenditures on full time staff are USD 6.7 million or 28 per cent of the total for the year. The reason for the underspend is that the approved budget assumed approximately 80 staff would be on board by the end of 2016; approximately 117 by mid-2017; and 140 staff on board by year end. Staff have currently been recruited at a slower pace than was anticipated when the budget was approved. Staff numbers on the payroll as at the 31 May were 94. Consequently, costs are running under budget. As staff are recruited in the later part of the year, budget utilization will increase;
- (d) Consultancy costs are USD 1.8 million or 47 per cent of the total for the year. The rate of spending against the approved budget is higher than anticipated, primarily due to the fact that consultants are still providing a staff function where the staff positions have yet to be filled;
- (e) Travel costs for staff and consultants are USD 0.6 million or 37 per cent against a budget of USD 1.6 million for the year. In addition, a budget of USD 267,800 for Secretariat staff travel to support the Board at a meeting held outside Songdo is yet to be utilized; and
- (f) The costs of contractual services, general operations, and information and communication technology is USD 3 million or 23 per cent of the budget of USD 12.6 million for the year. The primary reason for the underspend is as follows:

Delayed expenditures in contractual services against a budget of USD 7.5 million for the year. A number of consultancies have either just started or are due to start but have yet to incur much expenditure. This will change as the Secretariat moves into the second half of 2017. Contractual services include consultancies to provide advice on risk, and to accelerate capacity-building of the Secretariat, and advisory services for country programming and legal services.

2.6 Interim Trustee

17. Estimated expenditures on Interim Trustee services for the period of 1 January to 31 May 2017 are set out in table 7 below.



Table 7: Estimated Interim Trustee expenditures for 2017 (in United States dollars)

	2017 approved budget	Estimated Costs to 31 May 2017	Balance	% spent
1 Financial and programme management				
1.1 Staff costs and expenses	320,040	100,000	220,040	31
1.2 Travel	48,400	8,000	40,400	17
Subtotal: financial and programme management	368,440	108,000	260,440	29
2 Investment management	595,000	363,323	231,677	61
3 Accounting and reporting				
3.1 Staff costs and expenses	33,000	13,750	19,250	42
Subtotal: accounting and reporting	33,000	13,750	19,250	42
4 Legal services				
4.1 Staff costs and expenses	95,700	40,000	55,700	42
4.2 Travel	34,100	0	34,100	0
Subtotal: legal services	129,800	40,000	89,800	31
Total (1+2+3)	1,126,240	525,073	601,167	47

18. Costs and expenses for trustee services to the GCF are based on the approved budget for the calendar year 2017. Estimates to 31 May are based on information available, including savings on staff costs and travel. Increased cash balances have resulted in higher investment management fees (0.35% of average annual balance). The final amounts are only available after the end of the World Bank's fiscal year (30 June).

III. Recommendation by the Budget Committee

19. The Budget Committee recommends that the Board takes note of the report on the execution of the 2017 administrative budget of the GCF as at 31 May 2017.

Annex: Draft decision of the Board

The Board, having considered document GCF/B.17/06 titled “Report on the execution of the 2017 administrative budget of the GCF as at 31 May 2017”:

Takes note of the Report on the execution of the 2017 administrative budget of the GCF as at 31 May 2017.
