



**GREEN  
CLIMATE  
FUND**

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19 February 2020

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# Report on the execution of the 2019 administrative budget of the GCF

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## Summary

The document reports on the execution of the GCF 2019 administrative budget, the 2018–2019 budget approved for the forward-looking performance review and the 2018-2019 budget for first formal replenishment of the GCF. The cut-off date for the report is 31 December 2019. Administrative expenditure relates to costs for Board activities, the independent units, the Secretariat and the Trustee. Please note that these numbers are unaudited.

As at 31 December 2019, total expenditure was USD 65.9 million for annual budgets (82 per cent of the approved budget) and USD 1.5 million for multi-year budgets (70 per cent of the approved budget).

The budget balance of USD 14.8 million comprises USD 0.5 million for the Board, USD 1.3 million for the independent units, USD 12.4 million for the Secretariat, USD 0.06 million for the forward-looking performance review and USD 0.6 million for replenishment.

## I. Introduction

1. This document presents a review of 2019 expenditure against the administrative budget of GCF. It is based on actual expenditure relating to activities of the Board, the independent units and the Secretariat for the year from 1 January to 31 December 2019. The amounts shown for the Trustee are based on estimated expenditure for the year to 31 December 2019. For the forward-looking performance review (FPR) and the first formal replenishment of the GCF, the amounts reflect expenditure from October 2018 to December 2019.
2. As at 31 December 2019, actual expenditure was USD 65.9 million for annual budgets (82 per cent of the approved budget) and USD 1.5 million for multi-year budgets (70 per cent of the approved budget).

## II. Approved budget and summary of expenditure

### 2.1 Approved budget

3. By decision B.21/09, the Board approved, from the resources available in the Green Climate Fund Trust Fund, an administrative budget of USD 30,278,395 for the period 1 January to 31 December 2019. This amount was in addition to the USD 42,289,607 approved in decision B.18/12 for staff salaries and emoluments in 2019. In total, USD 72,568,002 was approved for the period 1 January to 31 December 2019 for the Board activities, Secretariat operations and Trustee activities.
4. The Board also approved the following budgets for the three independent units:
  - (a) USD 1,161,220 under decision B.21/10 for the Independent Redress Mechanism (IRM) for the period 1 January to 31 December 2019;
  - (b) USD 2,300,000 under decision B.21/12 for the Independent Integrity Unit (IIU) for the period 1 January to 31 December 2019; and
  - (c) USD 4,002,800 under decision B.21/11 for the Independent Evaluation Unit (IEU) for 2019 for the period 1 January to 31 December 2019.
5. In addition, by decisions B.21/11 and B.BM-2019/04 (annex II), the Board approved USD 500,000 and USD 347,400 for the FPR (2018 and 2019).
6. Further, by decision B.21/18, the Board approved a budget of USD 1,296,500 to conduct the first formal replenishment process for the GCF.

### 2.2 Summary of expenditure

7. For the period from 1 January to 31 December 2019, total expenditure on the Board, independent units and the Secretariat, as well as estimated costs for the services of the Trustee, amounted to USD 65.9 million against a budget of USD 80 million (82 per cent). Of this figure, USD 2.9 million relates to the Board; USD 6.1 million to the independent units; USD 54.7 million to the Secretariat; and USD 2.2 million to the Trustee (these are set out in table 1 below).
8. In relation to the multi-year budgets for the FPR and the first formal replenishment of the GCF, the expenditure from 1 October 2018 to 31 December 2019 amounted to USD 1.5 million against a budget of USD 2.1 million (70 per cent). USD 0.8 million related to the FPR and 0.7 million was for the first formal replenishment of the GCF (these are also set out in table 1 below).



**Table 1: Summary of budget and expenditure for the period from 1 January to 31 December 2019 (in United States dollars)**

		2019 approved budget	Actual expenditure to 31 December 2019	Balance	% spent
<b>A</b>	<b>Annual budgets</b>				
A1	Board	3,437,156	2,906,269	530,887	85%
A2	Independent units	7,464,020	6,145,726	1,318,294	82%
A3	Secretariat	67,065,846	54,660,873	12,404,972	82%
A4	Trustee	2,065,000	2,196,000	-131,000	106%
	<b>Total: annual budgets</b>	<b>80,032,022</b>	<b>65,908,869</b>	<b>14,123,153</b>	<b>82%</b>
<b>B</b>	<b>Multi-year budgets (2018-2019)</b>				
B1	Forward-looking performance review	847,400	784,568	62,832	93%
B2	Replenishment	1,296,500	706,297	590,203	54%
	<b>Total: multi-year budgets</b>	<b>2,143,900</b>	<b>1,490,865</b>	<b>653,035</b>	<b>70%</b>

## 2.3 Board expenditure

9. Detailed Board expenditure for the period to 31 December 2019 are set out in table 2 below.

**Table 2: Board expenditure for the period from 1 January to 31 December 2019 (in United States dollars)**

		2019 approved budget	Actual expenditure to 31 December 2019	Balance	% spent
<b>2.1</b>	<b>Board meetings</b>				
2.1.1	Board representative travel	1,153,919	527,149	626,770	46%
2.1.2	Venue and logistics	415,237	391,331	23,906	94%
	<b>Subtotal: Board meetings</b>	<b>1,569,156</b>	<b>918,480</b>	<b>650,676</b>	<b>59%</b>
<b>2.2</b>	<b>Co-Chair and Board representative travel</b>				
2.2.1	Co-Chair and Board representative travel	24,586	20,764	3,822	84%
	<b>Subtotal: Co-Chair and Board representative travel</b>	<b>24,586</b>	<b>20,674</b>	<b>3,822</b>	<b>84%</b>
<b>2.3</b>	<b>Board committees, panels, and working groups</b>				
2.3.1	Board representative travel	346,394	221,551	124,843	64%
2.3.2	Venue and logistics	10,927	0	10,927	0%
2.3.3	Compensation of Board panels: Accreditation Panel	642,523	620,598	21,925	97%
2.3.4	Compensation of Board panels: Technical Advisory Panel	843,570	884,676	-41,106	105%

		2019 approved budget	Actual expenditure to 31 December 2019	Balance	% spent
2.3.5	Professional services	0	240,200	-240,200	- 100%
	<b>Subtotal: Board committees, panels and working groups</b>	<b>1,843,414</b>	<b>1,967,025</b>	<b>-123,611</b>	<b>107%</b>
	<b>Grand total (1+2+3)</b>	<b>3,437,156</b>	<b>2,906,269</b>	<b>530,887</b>	<b>85%</b>

10. Total Board expenditure for the period to 31 December 2019 amounted to USD 2.9 million or 85 per cent of the total budget of USD 3.4 million.

11. Board meeting expenditure of USD 0.9 million includes the costs of the twenty-second, twenty-third and twenty-fourth meetings of the Board held in Songdo, Incheon, Republic of Korea in February, July and November 2019, respectively.

12. The USD 1.7 million spent on Board committees, panels and working groups includes USD 0.2 million for Board panel members' travel; USD 0.9 million for the compensation of the independent Technical Advisory Panel; and USD 0.6 million for the compensation of the Accreditation Panel.

13. The USD 0.24 million for professional services include advisory services provided for the assessment of Board committees, the performance of the heads of independent units and the structure and operation of the independent Technical Advisory Panel.

## 2.4 Independent unit expenditures

14. Expenditures for the independent units for the period from 1 January to 31 December 2019 are set out in tables 3, 4 and 5.

**Table 3: Independent Redress Mechanism expenditure for the period from 1 January to 31 December 2019 (in United States dollars)**

		2019 approved budget	Actual expenditure to 31 December 2019	Balance	% spent
<b>3.1</b>	<b>Staff, consultants and interns</b>				
3.1.1	Full-time staff	728,680	660,129	68,551	91%
3.1.2	Consultants and interns	121,000	69,795	51,205	58%
	<b>Subtotal: staff, consultants and interns</b>	<b>849,680</b>	<b>729,924</b>	<b>119,756</b>	<b>86%</b>
<b>3.2</b>	<b>Travel</b>				
3.2.1	General	95,140	56,336	38,804	59%
3.2.2	Travel associated with complaints/requests	68,850	0	68,850	0%
	<b>Subtotal: travel</b>	<b>163,990</b>	<b>56,336</b>	<b>107,654</b>	<b>34%</b>
<b>3.3</b>	<b>Contractual services</b>				



		2019 approved budget	Actual expenditure to 31 December 2019	Balance	% spent
3.3.1	Operating costs	147,550	152,721	-5,171	104%
	<b>Subtotal: contractual services</b>	<b>147,550</b>	<b>152,721</b>	<b>-5,171</b>	<b>104%</b>
	<b>Grand total (1+2+3)</b>	<b>1,161,220</b>	<b>938,981</b>	<b>222,239</b>	<b>81%</b>

15. As indicated in the Board-approved 2019 workplan and budget for the IRM, the IRM set aside funds for travel and consultancy fees associated with potential complaints and requests for reconsideration. In 2019, the IRM did not receive any complaints or reconsideration requests. Although the IRM did process a self-initiated inquiry in 2019, this inquiry did not involve any travel or consultants. The funds set aside for travel and consultancy fees relating to potential complaints and requests accordingly reverted to the common fund at the end of 2019. The under-expenditure is accordingly expected and in line with the 2019 workplan and budget.

**Table 4: Independent Integrity Unit expenditure for the period from 1 January to 31 December 2019 (in United States dollars)**

		2019 approved budget	Actual expenditure to 31 December 2019	Balance	% spent
<b>4.1</b>	<b>Staff, consultants and interns</b>				
4.1.1	Full-time staff	1,300,000	931,350	368,650	72%
4.1.2	Consultants and interns	200,000	161,677	38,323	81%
	<b>Subtotal: staff, consultants and interns</b>	<b>1,500,000</b>	<b>1,093,027</b>	<b>406,973</b>	<b>73%</b>
<b>4.2</b>	<b>Travel</b>				
4.2.1	General	200,000	112,103	87,897	56%
	<b>Subtotal: travel</b>	<b>200,000</b>	<b>112,103</b>	<b>87,897</b>	<b>56%</b>
<b>4.3</b>	<b>Contractual services</b>				
4.3.1	Operating costs	30,000	9,175	20,825	31%
4.3.2	Climate Finance Integrity Summit	170,000	40,076	129,924	24%
4.3.3	Proactive integrity reviews	200,000	66,781	133,219	33%
4.3.4	Visibility activities	100,000	9,940	90,060	10%
4.3.5	Information and communications technology	100,000	53,558	46,442	54%
	<b>Subtotal: contractual services</b>	<b>600,000</b>	<b>179,530</b>	<b>420,470</b>	<b>30%</b>
	<b>Grand total (1+2+3)</b>	<b>2,300,000</b>	<b>1,384,660</b>	<b>915,341</b>	<b>60%</b>

16. Actual expenditure for the IIU totalled USD 1.4 million against an approved annual budget of USD 2.3 million (60 per cent).

17. In the Board-approved 2019 workplan and budget of the IIU, the IIU allocated a significant portion of staff costs to new positions expected to be filled within the year, namely: lead investigator, information technology (IT) forensic investigator, integrity and compliance officer, junior investigators, and data analyst. However, there have been unexpected delays in the recruitment for these positions. Consequently, the junior investigators and the integrity and compliance officer were onboarded later than expected in the second and third quarters of 2019, respectively. The final quarter saw the onboarding of the IT forensic investigator. The lead investigator is to be onboarded early in 2020, while the recruitment for the data analyst remains in progress. These delays in the hiring timeline had budgetary implications in terms of disbursements of staff salaries, benefits, allowances and other related costs.

18. The travel expense utilization rate was lower than expected because travel associated with the investigative activities envisaged by the IIU at the beginning of the year were not undertaken. The budget also included estimates for possible travel by new hires but the delay in their recruitment had implications on the overall number of official journeys undertaken.

19. The hosting of the Climate Finance Integrity Summit was part of official activities in the twenty-fifth United Nations Climate Change Conference (COP 25). With the revised venue arrangements for COP 25 (from Santiago to Madrid), the IIU had to scale down on several logistical components, which reduced expected expenditures. Furthermore, the change of venue affected the scale of participation, resulting in a reduction in the headcount and costs.

20. Considering the challenges in recruitment, the IIU had limited staff capacity to fully implement the workplan for proactive integrity reviews. Proactive integrity review initiatives were mostly deferred to the third quarter of the year pending the onboarding of new staff.

21. In an effort to enhance its investigation capacity, the IIU achieved most of its targets in establishing a stable and secure technology backbone. A sizeable percentage of the IT and infrastructure budget was assigned to the setting up of an IT forensic laboratory and the acquisition of related forensic tools. The completion of the forensic laboratory was deferred because of procurement challenges and the delayed onboarding of the IT forensic investigator, to provide the technical expertise to pursue such initiative.

22. The under-expenditure for the above budget items remains in line with the workplan and no adverse implications to the overall performance and operations of the IIU was observed. These funds were reverted accordingly to the common fund at the end of 2019.

**Table 5: Independent Evaluation Unit expenditure for the period from 1 January to 31 December 2019 (in United States dollars)**

		2019 approved budget	Actual expenditure to 31 December 2019	Balance	% spent
<b>5.1</b>	<b>Staff, consultants and interns</b>				
5.1.1	Full-time staff	1,859,000	1,795,510	63,490	97%
5.1.2	Consultants and interns	529,800	539,746	-9,946	102%
	<b>Subtotal: staff, consultants and interns</b>	<b>2,388,800</b>	<b>2,335,256</b>	<b>53,544</b>	<b>98%</b>
<b>5.2</b>	<b>Travel</b>				
5.2.1	General	274,000	244,928	29,072	89%
	<b>Subtotal: travel</b>	<b>274,000</b>	<b>244,928</b>	<b>29,072</b>	<b>89%</b>
<b>5.3</b>	<b>Contractual services</b>				



5.3.1	Operating costs	110,000	86,038	23,962	78%
5.3.2	Professional services	1,230,000	1,155,863	74,137	94%
	<b>Subtotal: contractual services</b>	<b>1,340,000</b>	<b>1,241,901</b>	<b>98,099</b>	<b>93%</b>
	<b>Grand total (1+2+3)</b>	<b>4,002,800</b>	<b>3,822,085</b>	<b>180,715</b>	<b>95%</b>

23. Actual expenditure for the IEU totalled USD 3.8 million against an approved budget of USD 4 million (95 per cent). The expenditure for consultant costs is slightly over the approved budget, which is offset by the underspend in other line items.

**Table 6: Independent Evaluation Unit – forward-looking performance review expenditure for the period from 1 October 2018 to 31 December 2019 (in United States dollars)**

		2018-2019 approved budget	Actual expenditure to 31 December 2019	Balance	% spent
<b>6.1</b>	<b>Consultants and interns</b>				
6.1.1	Consultants and interns	162,400	162,096	304	100%
	<b>Subtotal: consultants and interns</b>	<b>162,400</b>	<b>162,096</b>	<b>304</b>	<b>100%</b>
<b>6.2</b>	<b>Travel</b>				
6.2.1	General	96,000	91,324	4,676	95%
	<b>Subtotal: travel</b>	<b>96,000</b>	<b>91,324</b>	<b>4,676</b>	<b>95%</b>
<b>6.3</b>	<b>Contractual services</b>				
6.3.1	Operating costs	94,000	49,048	44,952	52%
6.3.2	Professional services	495,000	482,100	12,900	97%
	<b>Subtotal: contractual services</b>	<b>589,000</b>	<b>531,148</b>	<b>57,852</b>	<b>90%</b>
	<b>Grand total (1+2+3)</b>	<b>847,400</b>	<b>784,568</b>	<b>62,832</b>	<b>93%</b>

24. In addition to the IEU budget for 2019 shown in table 5 above, the IEU had a budget of USD 0.85 million for the FPR. As at 31 December 2019, actual expenditure for the FPR amounted to USD 0.78 million. The utilization for all expense categories is within acceptable limits.

## 2.5 Secretariat expenditure

25. Expenditure for the Secretariat for the period from 1 January to 31 December 2019 is set out in table 7 below.



**Table 7: Secretariat expenditure for the period from 1 January to 31 December 2019  
(in United States dollars)**

		2019 approved budget	Expenditure to 31 December 2019	Balance	% spent
<b>7.1</b>	<b>Staff, consultants and interns</b>				
7.1.1	Full-time staff	44,948,077	37,890,258	7,057,819	84%
7.1.2	Consultants and interns	2,593,100	3,014,220	-421,120	116%
	<b>Subtotal: staff, consultants and interns</b>	<b>47,541,177</b>	<b>40,904,478</b>	<b>6,636,699</b>	<b>86%</b>
<b>7.2</b>	<b>Travel</b>				
7.2.1	General	2,396,309	2,099,108	297,201	88%
7.2.2	Staff travel to Board meetings	284,109	0	284,109	0%
	<b>Subtotal: travel</b>	<b>2,680,418</b>	<b>2,099,108</b>	<b>581,310</b>	<b>78%</b>
<b>7.3</b>	<b>Contractual services</b>				
7.3.1	Professional services	7,631,343	3,790,551	3,840,792	50%
7.3.2	Office utility	280,000	166,749	113,251	60%
7.3.3	Operating costs	2,705,840	1,719,547	986,293	64%
7.3.4	Information and communications technology	5,313,365	5,242,534	70,831	99%
7.3.5	Depreciation	913,703	737,907	175,796	81%
	<b>Subtotal: contractual services</b>	<b>16,844,251</b>	<b>11,657,288</b>	<b>5,186,963</b>	<b>69%</b>
	<b>Grand total (1+2+3)</b>	<b>67,065,846</b>	<b>54,660,873</b>	<b>12,404,972</b>	<b>82%</b>

26. Total Secretariat expenditure for the period from 1 January to 31 December 2019 amounted to USD 54.7 million of the total budget of USD 67.1 million (82 per cent).

27. The following main points are noteworthy regarding the USD 54.7 million spent by the Secretariat in the year ending 31 December 2019:

- (a) The accumulated execution of the administrative budget for the Secretariat represents 82 per cent of the total for the year; aggregate expenditure on staff costs and consultants amounts to USD 40.9 million, or 86 per cent of the total for the year;
- (b) Total expenditure on full-time staff amounts to USD 37.9 million, or 84 per cent of the total for the year. The reason for the underspend is that staff have been recruited at a slower pace than was anticipated when the budget was approved. The budget assumed an average staffing of 240 for 2019 whereas the actual average staff onboarded during 2019 was 218;
- (c) Consultancy costs are USD 3 million, or 116 per cent of the total for the year. This is because several consultants have been hired to maintain the necessary capacity of the Secretariat where staff positions have yet to be filled;
- (d) Travel costs for staff and consultants are USD 2.1 million, or 88 per cent, against a budget of USD 2.4 million for the year. As there were no Board meetings held outside Songdo, the budget of USD 0.3 million for Secretariat staff travel to support the Board at a meeting held outside Songdo was not utilized in 2019;
- (e) The cost of contractual services, general operations, and information and communications technology is USD 11.7 million, or 69 per cent, against a budget of USD 16.8 million for the year, which is within the budget; and



- (f) The reduced expenses for the contractual services are mainly because of the underspend for legal expenses, communities of practice, and a knowledge management system. The professional services utilization rate is lower than expected because of lower legal expenses to meet various legal issues, including resolving complaints/disputes. The firms for communities of practice and knowledge management were hired in the later part of 2019; hence those expenses in 2019 were lower than planned. It is expected that in 2020 there will be more utilization of the communities of practices and knowledge management services.

## 2.6 Trustee costs

28. Estimated costs for the Trustee services for the period from 1 January to 31 December 2019 are set out in table 8 below.

**Table 8: Estimated Trustee for the year ended 31 December 2019 (in United States dollars)**

		2019 Approved Budget	Estimated expenditure to 31 December 2019	Balance	% spent
<b>7.1</b>	<b>Financial and programme management</b>				
7.1.1	Staff costs and expenses	480,000	495,000	-15,000	103%
7.1.2	Travel	40,000	44,000	-4,000	110%
	<b>Subtotal: financial and programme management</b>	<b>520,000</b>	<b>539,000</b>	<b>-19,000</b>	<b>104%</b>
<b>7.2</b>	<b>Investment management</b>	<b>1,400,000</b>	<b>1,545,000</b>	<b>-145,000</b>	<b>110%</b>
<b>7.3</b>	<b>Accounting and reporting</b>	<b>35,000</b>	<b>46,000</b>	<b>-11,000</b>	<b>131%</b>
<b>7.4</b>	<b>Legal services</b>				
7.4.1	Staff costs and expenses	100,000	66,000	34,000	66%
7.4.2	Travel	10,000	0	10,000	0%
	<b>Subtotal: legal services</b>	<b>110,000</b>	<b>66,000</b>	<b>44,000</b>	<b>60%</b>
	<b>Grand total (1+2+3+4)</b>	<b>2,065,000</b>	<b>2,196,000</b>	<b>-131,000</b>	<b>106%</b>

29. Estimated costs and expenses for the Trustee services to GCF are based on the revised budget for the calendar year 2019. The increase in estimated expenses is due to an increase in the investment management fee. Starting from 1 July 2019, the investment management fee for the World Bank's portfolio of financial intermediary fund increased from 3.5 basis points of the estimated annual cash balances to 4.5 basis points. The difference was discussed and presented at B.24 and in the document "2020 work programme of the Secretariat and annual administrative budget of the Secretariat and Board" (GCF/B.24/09).

## 2.7 Replenishment budget

30. Expenditure for the replenishment process from 1 October 2018 to 31 December 2019 is set out in table 9 below.



**Table 9: Expenditure for the replenishment process from 1 October 2018 to 31 December 2019  
(in United States dollars)**

		2018-2019 approved budget	Expenditure to 31 December 2019	Balance	% spent
<b>9.1</b>	<b>Advocacy and outreach</b>				
9.1.1	Travel: regional outreach	221,500	104,248	117,252	47%
9.1.2	Conferences: regional outreach	120,000	17,081	102,920	14%
	<b>Subtotal: advocacy and outreach</b>	<b>341,500</b>	<b>121,329</b>	<b>220,171</b>	<b>36%</b>
<b>9.2</b>	<b>Arrangements for the replenishment process</b>				
9.2.1	Replenishment facilitator	100,000	64,050	35,950	64%
9.2.2	Conferences: 3 consultation meetings	174,000	146,813	27,187	84%
9.2.3	Travel: 3 replenishment consultation meetings	288,000	216,681	71,319	75%
9.2.4	Conferences: Pledging Conference	48,000	31,010	16,990	65%
9.2.5	Travel: Pledging Conference	90,000	69,326	20,674	77%
	<b>Subtotal: arrangements for replenishment</b>	<b>700,000</b>	<b>527,879</b>	<b>172,121</b>	<b>75%</b>
<b>9.3</b>	<b>Replenishment</b>				
9.3.1	Replenishment advisers	100,000	57,088	42,912	57%
9.3.2	Consultancies: review of policies for contributions	90,000	0	90,000	0%
	<b>Subtotal: replenishment</b>	<b>190,000</b>	<b>57,088</b>	<b>132,912</b>	<b>30%</b>
<b>9.4</b>	<b>Contingency</b>				
9.4.1	Contingency	65,000	0	65,000	0%
	<b>Subtotal: contingency</b>	<b>65,000</b>	<b>0</b>	<b>65,000</b>	<b>0%</b>
	<b>Grand total (1+2+3+4)</b>	<b>1,296,500</b>	<b>706,296</b>	<b>590,203</b>	<b>54%</b>

31. Expenditure for the first formal replenishment of the GCF for the period from 1 January to 31 December 2019 amounted to USD 0.7 million against an approved budget of USD 1.3 million (54 per cent). Expenditure for all cost categories is within acceptable limits.

32. The utilization rate is lower than anticipated because the cost of the first consultation meeting in April was fully covered by the host government, while the cost of the second consultation meeting held in August was shared equally between GCF and the host country.

33. After the Pledging Conference, the replenishment process will continue to further mobilize contributions from existing initial resource mobilization contributors and new contributions.

## 2.8 Non-utilized budget

34. It is important to note that the Trustee transfers funds at regular intervals to the Secretariat based on estimated cash flow requirements rather than as a lump sum at the beginning of the year. The balance of unutilized budget remaining from the annual budget at



year end is retained in the GCF Trust Fund by the Trustee for future allocation by the Board. Any unutilized budget is not carried forward to the subsequent year.

### **III. Recommendation by the Budget Committee**

35. The Budget Committee recommends that the Board take note of the report on the execution of the 2019 administrative budget of the GCF as at 31 December 2019.

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