



**GREEN
CLIMATE
FUND**

Meeting of the Board
18 – 21 August 2020
Virtual meeting
Provisional agenda item 5

GCF/B.26/Inf.09/Add.01

14 August 2020

Report on the execution of the 2020 administrative budget of the GCF

Summary

This document reports on the execution of the GCF 2020 administrative budget for the period from 1 January to 30 April 2020. Administrative expenditure relates to costs for Board activities, the independent units, the Secretariat and the Trustee. The numbers in this document are unaudited.

As at 30 April 2020, total expenditure was USD 20.2 million for annual budgets (23 per cent of the approved budget). The budget balance of USD 66.4 million comprises USD 3 million for the Board, USD 7.7 million for the independent units, USD 53.8 million for the Secretariat and USD 1.9 million for the Trustee.

I. Introduction

1. This document presents a review of the 2020 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 period from 1 January to 30 April 2020. The amounts shown for the Trustee are based on estimated expenditure for the period to 30 April 2020.

II. Approved budget and summary of expenditure

2.1 Approved budget

2. By decision B.24/05, the Board approved, from the resources available in the Green Climate Fund Trust Fund, an administrative budget of USD 32,637,929 for the period 1 January to 31 December 2020. This amount was in addition to the USD 44,107,723 approved in decision B.18/12 for staff salaries and emoluments in 2020. In total, USD 76,745,652 was approved for the period 1 January to 31 December 2020 for the Board activities, Secretariat operations and Trustee activities.

3. By decision B.25/09, the Board approved an additional USD 338,800 to cover the additional four members of the independent Technical Advisory Panel, the administrative support Consultant, and the operationalization of the roster of experts. This approval is in addition to the USD 3,673,720 approved via decision B.24/05, thus bringing the total administrative budget for the board for 2020 to USD 4,012,520.

4. By decision B.25/02, the Board approved a contingency budget in the amount equal to 2 per cent of the administrative budget of the Secretariat (USD 1,403,819) to cover costs relating to the activation of alternative working arrangements until the originally scheduled dates for the twenty-seventh meeting of the board.

5. The Board also approved the following budgets for the three independent units, amounting to a total of USD 9,541,267:

- (a) USD 1,321,238 under decision B.24/08 for the Independent Redress Mechanism for the period 1 January to 31 December 2020;
- (b) USD 2,638,044 under decision B.24/07 for the Independent Integrity Unit for the period 1 January to 31 December 2020; and
- (c) USD 5,581,985 under decision B.24/06 for the Independent Evaluation Unit for the period 1 January to 31 December 2020.

2.2 Summary of expenditure

6. For the period from 1 January to 30 April 2020, total expenditure on the Board, the independent units, and the Secretariat, as well as estimated costs for the services of the Trustee, amounted to USD 20.2 million against a budget of USD 86.6 million (23 per cent). Of this figure, USD 1 million relates to the Board; USD 1.8 million to the independent units; USD 16.4 million to the Secretariat; and USD 1 million to the Trustee (these are set out in table 1 below).



**Table 1: Summary of budget and expenditure for the period from 1 January to 30 April 2020
(in United States dollars)**

		2020 approved budget	Actual expenditure to 30 April 2020	Balance	% spent
A	Annual budgets				
A1	Board	4,012,520	1,032,443	2,980,077	26%
A2	Independent units	9,541,267	1,810,906	7,730,361	19%
A3	Secretariat	70,190,932	16,442,047	53,748,885	23%
A4	Trustee	2,881,000	960,333	1,920,667	33%
	Total: annual budgets	86,625,719	20,245,729	66,379,990	23%
B	Special budgets				
B1	COVID-19 budget	1,403,819	0	1,403,819	0%
	Total: special budget	1,403,819	0	1,403,819	0%

2.3 Board expenditure

7. Detailed Board expenditure for the period to 30 April 2020 are set out in table 2 below.

**Table 2: Board expenditure for the period from 1 January to 30 April 2020
(in United States dollars)**

		2020 approved budget	Actual expenditure to 30 April 2020	Balance	% spent
2.1	Board meetings				
2.1.1	Board representative travel	1,153,919	386,631	767,288	34%
2.1.2	Venue and logistics	415,237	121,358	293,879	29%
	Subtotal: Board meetings	1,569,156	507,989	1,061,167	32%
2.2	Co-Chair and Board representative travel				
2.2.1	Co-Chair and Board representative travel	25,324	0	25,324	0%
	Subtotal: Co-Chair and Board representative travel	25,324	0	25,324	0%
2.3	Board committees, panels, and working groups				
2.3.1	Board representative travel	356,785	30,005	326,780	8%
2.3.2	Venue and logistics	11,255	0	11,255	0%
2.3.3	Compensation of Board panels: Accreditation Panel	804,000	170,359	633,641	21%
2.3.4	Compensation of Board panels: Technical Advisory Panel	1,246,000	324,090	921,910	26%
	Subtotal: Board committees, panels and working groups	2,418,040	524,454	1,893,586	22%
	Grand total (1+2+3)	4,012,520	1,032,443	2,980,077	26%

8. Total Board expenditure for the period to 30 April 2020 amounted to USD 1 million or 26 per cent of the total budget of USD 4 million.
9. The Board meeting expenditure of USD 0.5 million includes the costs of the informal meeting held in Liberia and the twenty-fifth meeting of the Board held in Geneva, Switzerland, in January and March 2020, respectively.
10. The USD 0.5 million spent on Board committees, panels and working groups comprises USD 0.03 million for Board panel members' travel; USD 0.3 million for the compensation of the independent Technical Advisory Panel; and USD 0.2 million for the compensation of the Accreditation Panel. The underspending in Board panel members' member's travel is because of restrictions on travel due to the pandemic caused by COVID-19. The panel members were not able to travel as planned for 2020. If the restrictions continue, it is expected that this budget line will be underutilized for the year 2020. The underspending in the budget execution of compensation of Board panels for the independent Technical Advisory Panel is partly due to the approval of additional budget of USD 0.3 million by decision B.25/09. The expenses for this additional budget are planned for the latter part of 2020 and thus the budget execution is expected to increase in the second half of 2020.

2.4 Independent unit expenditures

11. Expenditures for the independent units for the period from 1 January to 30 April 2020 are set out in tables 3, 4 and 5.

Table 3: Independent Redress Mechanism expenditure for the period from 1 January to 30 April 2020 (in United States dollars)

		2020 approved budget	Actual expenditure to 30 April 2020	Balance	% spent
3.1	Staff, consultants and interns				
3.1.1	Full-time staff	759,893	203,032	556,861	27%
3.1.2	Consultants and interns	136,820	16,904	119,916	12%
	Subtotal: staff, consultants and interns	896,713	219,936	676,777	25%
3.2	Travel				
3.2.1	General	56,433	5,398	51,035	10%
3.2.2	Travel associated with complaints/requests	95,160	0	95,160	0%
	Subtotal: travel	151,593	5,398	146,195	4%
3.3	Contractual services				
3.3.1	Professional services	45,240	30,000	15,240	66%
3.3.2	Operating costs	196,692	1,270	195,422	1%
3.3.3	Information, communication and technology	31,000	7,750	23,250	25%
	Subtotal: contractual services	272,932	39,020	233,912	14%
	Grand total (1+2+3)	1,321,238	264,354*	1,056,884	20%*

* The expenses above do not include committed travel costs, contracts signed for consultants and professional services, which amount to approximately USD 0.03 million. If incorporated, the actual expenditure and commitments as of April 2020 stand at 22 per cent.

12. Actual expenditure for the Independent Redress Mechanism during the reporting period totalled USD 264,354 against an approved 2020 annual budget of USD 1,321,238 (20 per cent).

13. The underspending in travel is due to the global outbreak of COVID-19, which resulted in the postponement of the IRM's planned outreach workshop in March and capacity-building workshop in April 2020. The postponement of these events has also resulted in underspending in operating costs, because catering, venue hire and other event expenses were budgeted for. More than half of the travel costs and part of the operating costs are also related to the investigation of complaints and hence dependent on complaints received. The IRM has not yet conducted a site visit for a case investigation in 2020, and the underspending in travel is accordingly due to savings in investigation-related costs. The IRM has, however, received a complaint in the first quarter of 2020, and plans to conduct a site visit for this complaint in the second quarter.

14. The relatively high expenditure (66%) in professional services for the first quarter is due to the annual payment of the Case Management System maintenance fee, which is a one-off fee of 20,000 USD for the year.

Table 4: Independent Integrity Unit expenditure for the period from 1 January to 30 April 2020 (in United States dollars)

		2020 approved budget	Actual expenditure to 30 April 2020	Balance	% spent
4.1	Staff, consultants and interns				
4.1.1	Full-time staff	1,867,398	501,193	1,366,205	27%
4.1.2	Consultants and interns	110,100	16,059	94,041	15%
	Subtotal: staff, consultants and interns	1,977,498	517,252	1,460,246	26%
4.2	Travel				
4.2.1	General	207,046	28,855	178,191	14%
	Subtotal: travel	207,046	28,855	178,191	14%
4.3	Contractual services				
4.3.1	Professional services	130,000	0	130,000	0%
4.3.2	Communication and outreach	20,000	0	20,000	0%
4.3.3	Other operating costs	130,000	367	129,633	0%
4.3.4	Information and communications technology	173,500	19,287	154,213	11%
	Subtotal: contractual services	453,500	19,654	433,846	4%
	Grand total (1+2+3)	2,638,044	565,761*	2,072,283	21%*

* The expenses above do not include committed travel costs, contracts signed for consultants and professional services, which amount to approximately USD 0.08 million. If incorporated, the actual expenditure and commitments as of April 2020 stand at 25 per cent.

15. Actual expenditure for the Independent Integrity Unit during the reporting period totalled USD 565,761 against an approved 2020 annual budget of USD 2,638,044 (21 per cent).

16. Due to restrictions imposed by the COVID-19 pandemic, the execution rate relating to travel, integrity summit (professional services) and IT infrastructure expenses is lower than initially expected.

Table 5: Independent Evaluation Unit expenditure for the period from 1 January to 30 April 2020 (in United States dollars)

		2020 approved budget	Actual expenditure to 30 April 2020	Balance	% spent
5.1	Staff, consultants and interns				
5.1.1	Full-time staff	2,649,897	625,125	2,024,772	24%
5.1.2	Consultants and interns	678,160	218,510	459,650	32%
	Subtotal: staff, consultants and interns	3,328,057	843,635	2,484,422	25%
5.2	Travel				
5.2.1	General	375,228	54,371	320,857	14%
	Subtotal: travel	375,228	54,371	320,857	14%
5.3	Contractual services				
5.3.1	Legal and professional services	1,540,000	37,430	1,502,570	2%
5.3.2	Operating costs	338,700	45,355	293,345	13%
	Subtotal: contractual services	1,878,700	82,785	1,795,915	4%
	Grand total (1+2+3)	5,581,985	980,791*	4,601,194	18%*

*The expenses above do not include committed travel costs, contracts signed for consultants and professional services, which amount to approximately USD 1.5 million. If incorporated, the actual expenditure and commitments as of April 2020 stand at 44 per cent.

17. Actual expenditure for the Independent Evaluation Unit during the reporting period totalled USD 980,791 against an approved 2020 annual budget of USD 5,581,985 (18 per cent).

2.5 Secretariat expenditure

18. Expenditure for the Secretariat for the period from 1 January to 30 April 2020 is set out in table 6 below.



**Table 6: Secretariat expenditure for the period from 1 January to 30 April 2020
(in United States dollars)**

		2020 approved budget	Actual Expenditure to 30 April 2020	Balance	% spent
6.1	Staff, consultants and interns				
6.1.1	Full-time staff	47,297,107	11,441,401	35,855,706	24%
6.1.2	Consultants and interns	2,882,165	911,557	1,970,608	32%
	Subtotal: staff, consultants and interns	50,179,272	12,352,958	37,826,314	25%
6.2	Travel				
6.2.1	General	2,769,338	262,552	2,506,786	9%
6.2.2	Staff travel to Board meetings	255,000	161,831	93,169	63%
	Subtotal: travel	3,024,338	424,383	2,599,955	14%
6.3	Contractual services				
6.3.1	Professional services	7,427,950	750,287	6,677,663	10%
6.3.2	Office utility	288,000	66,667	221,333	23%
6.3.3	Operating costs	2,747,050	206,864	2,540,186	8%
6.3.4	Information and communications technology	5,579,055	2,425,824	3,153,231	43%
6.3.5	Depreciation	945,267	215,064	730,203	23%
	Subtotal: contractual services	16,987,322	3,664,706	13,322,616	22%
	Grand total (1+2+3)	70,190,932	16,442,047*	53,748,885	23%*

* The expenses above do not include committed travel costs, contracts signed for consultants and professional services, which amount to approximately USD 5.9 million. If incorporated, the actual expenditure and commitments as of April 2020 stand at 32 per cent.

19. Total Secretariat expenditure for the period from 1 January to 30 April 2020 amounted to USD 16.4 million of the total budget of USD 70.2 million (23 per cent). The following main points are noteworthy regarding this expenditure:

- (a) Due to the pandemic caused by the COVID-19, some activities of the Secretariat have become restricted. This will also affect the budget utilization. More details are given below;
- (b) The accumulated execution of the administrative budget for the Secretariat represents 23 per cent of the total for the year; aggregate expenditure on staff costs and consultants amounts to USD 12.3 million, or 75 per cent of the total secretariat budget executed up to 30 April 2020 (i.e. USD 16.4 million);
- (c) Total expenditure on full-time staff amounts to USD 11.4 million, or 24 per cent of the total budget 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. During 2020 the hiring process has been slow due to the COVID-19 situation (e.g. although one of the crucial parts of the hiring process is to get the candidates to Songdo for an in-person interview, which is not possible under the current circumstances). The Secretariat budgeted for an average of 240 staff for 2020, and for the first four months of 2020 the Secretariat had an average of 207 staff in the payroll;
- (d) Consultancy costs are USD 0.9 million, or 32 per cent of the total budget 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. Based on the commitments for Consultants, the expenditure is expected to be over budget at the end of the year;
- (e) Travel costs for staff and consultants are USD 0.4 million, or 14 per cent, against a budget of USD 3 million for the year. This amount also includes travel expenses of the Secretariat staff to support the Board in the twenty-fifth meeting of the Board held in Geneva. As a result of the pandemic caused by COVID-19, several in-person engagements with partners have either been conducted virtually or have been postponed, and as a result, the travel budget is currently under-executed. If the travel restrictions continue, an under-execution in the travel budget line for 2020 is expected;
 - (f) The cost of contractual services, general operations, information and communications technology, and depreciation is USD 3.7 million, or 22 per cent, against a budget of USD 17 million for the year, which is within the budget; and
 - (g) The reduced expenses for contractual services are mainly because of the underspending for legal expenses, communities of practice and the knowledge management system, and GCF Private Investment for Climate Conference. For communities of practice and the knowledge management system, the contracts have been signed with the professional services firms and the expenses will pick up during the latter part of the year; likewise there would be a surge in the expenses for communications and printing in the latter part of the year. On the other hand, due to the enormous increase in the demand for information and communications technology services, the budget in this area is being executed in line with the expectations, and it is expected that the ICT budget will be fully executed during 2020.

2.6 Trustee costs

20. Estimated costs for the Trustee services for the period from 1 January to 30 April 2020 are set out in table 7 below.

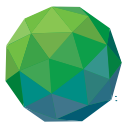
**Table 7: Estimated costs for the Trustee for the period ended 30 April 2020
(in United States dollars)**

		2020 Approved Budget	Estimated expenditure to 30 April 2020	Balance	% spent
7.1	Trustee costs	2,881,000	960,333	1,920,667	33%
	Total	2,881,000	960,333	1,920,667	33%

21. Costs and expenses for the Trustee services to GCF are based on the approved budget for the calendar year 2020. Cost estimates up to 30 April 2020 are based on a pro-rata share of the approved amount for the year.

2.7 COVID-19 budget

22. As requested by decision B.25/02 (h), the Secretariat consulted with the Budget Committee on the allocation of the contingency budget to the specific line items, and the Budget Committee endorsed the COVID-19 budget in April 2020, as set out in table 8 below.



**Table 8: Expenditure for the COVID-19 budget for the period ended 30 April 2020
(in United States dollars)**

		2020 Approved Budget	Actual expenditure to 30 April 2020	Balance	% spent
8.1	Re-allocation	963,819	0	963,819	0%
8.2	Temporary office space at Art Centre	20,000	0	20,000	0%
8.3	Quarantine kits	10,000	0	10,000	0%
8.4	ICT-related cost	290,000	0	290,000	0%
8.5	Professional firm/consultancy services	50,000	0	50,000	0%
8.6	Contingency to react to emerging needs (5% of the COVID-19 budget)	70,000	0	70,000	0%
	Total	1,403,819	0	1,403,819	0%

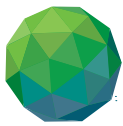
23. The expenses for the COVID-19 budget will be presented in future reports. Also, the budget execution for the COVID-19 budget will be regularly submitted to the Budget Committee.

2.8 Non-utilized budget

24. 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 unutilized budget as at 30 April 2020 is available for the remaining months to December 2020.

III. Recommendation by the Budget Committee

25. The Budget Committee recommends that the Board takes note of the report on the execution of the 2020 administrative budget of the GCF as at 30 April 2020



Annex I: Message from the Budget Committee Chairperson to the Co-Chairs

E-mail sent on 8 June

From: Delgado Jiménez, José Gabriel

Sent: Monday, June 8, 2020 2:45 PM

To: Sue Szabo; Nauman Bhatti

Cc: Kelly Sharp, Kashmala Kakakhel; Catherine Potvin; Cam Do; Richard Sherman; Muqheet Majed; Ali Waqas; Natasha Fernando; Sunil JhunJhunwala

Subject: Endorsement BC: Execution of the 2020 Administrative budget

Dear co-chairs,

I hope this message finds you and your teams well.

Please find enclosed the document „Report on the execution of the 2020 administrative budget of the GCF“, as endorsed by the BC on an no objection basis on Wednesday, 3rd June 2020. The document is ready to be shared with the Board.

Let me also take the opportunity to invite both of you to a call with the budget focal point in the Secretariat and the heads of the IUs on the preparatory process for the 2021 admin budgets and workplans (message will follow asap). Given the ambitious timeline in early autumn and the need to align the preparatory work of all units, I would personally very much welcome the participation of CCs as observers in this process.

All the best from Vienna,

Jose