



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
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Virtual meeting  
Provisional agenda item 5

**GCF/B.27/Inf.12/Add.03**

**30 October 2020**

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

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## **Summary**

This document reports on the execution of the GCF 2020 administrative budget for the period from 1 January to 31 August 2020. Administrative expenditure relates to costs for Board activities, the independent units, the Secretariat and the Trustee. The figures in this document are unaudited.

As at 31 August 2020, total expenditure was USD 40.5 million for annual budgets (47 per cent of the approved budget). The budget balance of USD 46.1 million comprises USD 2.4 million for the Board, USD 5.7 million for the independent units, USD 37 million for the Secretariat and USD 1 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 from 1 January to 31 August 2020. The amounts shown for the Trustee are based on estimated expenditure up to 31 August 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 USD 9,541,267:

- (a) USD 1,321,238 under decision B.24/08 for the Independent Redress Mechanism (IRM) for the period 1 January to 31 December 2020;
- (b) USD 2,638,044 under decision B.24/07 for the Independent Integrity Unit (IIU) 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 (IEU) for the period 1 January to 31 December 2020.

### 2.2 Summary of expenditure

6. For the period from 1 January to 31 August 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 40.4 million against a budget of USD 86.6 million (47 per cent). Of this figure, USD 1.5 million relates to the Board; USD 3.8 million to the independent units; USD 33.1 million to the Secretariat; and USD 1.9 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 31 August 2020  
(in United States dollars)**

		2020 approved budget	Actual expenditure to 31 August 2020	Balance	% spent
<b>A</b>	<b>Annual budgets</b>				
A1	Board	4,012,520	1,583,327	2,429,193	39%
A2	Independent units	9,541,267	3,831,794	5,709,473	40%
A3	Secretariat	70,190,932	33,141,349	37,049,583	47%
A4	Trustee	2,881,000	1,920,667	960,333	67%
	<b>Total: annual budgets</b>	<b>86,625,719</b>	<b>40,477,137</b>	<b>46,148,582</b>	<b>47%</b>
<b>B</b>	<b>Special budgets</b>				
B1	COVID-19 budget	1,403,819	254,544	1,149,275	18%
	<b>Total: special budget</b>	<b>1,403,819</b>	<b>254,544</b>	<b>1,149,275</b>	<b>18%</b>

## 2.3 Board expenditure

7. Detailed Board expenditure for the period to 31 August 2020 is set out in table 2 below.

**Table 2: Board expenditure for the period from 1 January to 31 August 2020  
(in United States dollars)**

		2020 approved budget	Actual expenditure to 31 August 2020	Balance	% spent
<b>2.1</b>	<b>Board meetings</b>				
2.1.1	Board representative travel	1,153,919	396,975	756,944	34%
2.1.2	Venue and logistics	415,237	155,532	259,705	37%
	<b>Subtotal: Board meetings</b>	<b>1,569,156</b>	<b>552,507</b>	<b>1,016,649</b>	<b>35%</b>
<b>2.2</b>	<b>Co-Chair and Board representative travel</b>				
2.2.1	Co-Chair and Board representative travel	25,324	0	25,324	0%
	<b>Subtotal: Co-Chair and Board representative travel</b>	<b>25,324</b>	<b>0</b>	<b>25,324</b>	<b>0%</b>
<b>2.3</b>	<b>Board committees, panels and working groups</b>				
2.3.1	Board representative travel	356,785	36,188	320,597	10%
2.3.2	Venue and logistics	11,255	0	11,255	0%
2.3.3	Compensation of Board panels: Accreditation Panel	804,000	374,691	429,309	47%
2.3.4	Compensation of Board panels: Technical Advisory Panel	1,246,000	619,941	626,059	50%
	<b>Subtotal: Board committees, panels and working groups</b>	<b>2,418,040</b>	<b>1,030,820</b>	<b>1,387,220</b>	<b>43%</b>
	<b>Grand total (1+2+3)</b>	<b>4,012,520</b>	<b>1,583,327</b>	<b>2,429,193</b>	<b>39%</b>

8. Total Board expenditure for the period to 31 August 2020 amounted to USD 1.6 million or 39 per cent of the total budget of USD 4 million.
9. The Board meeting expenditure of USD 0.6 million includes the costs of the informal meeting held in Liberia in January 2020, the twenty-fifth meeting of the Board held in Geneva, Switzerland, in March 2020 and the twenty-sixth meeting of the Board held virtually in August 2020. As a result of the COVID-19 pandemic travel for the Board representatives has been restricted during the year 2020; hence it is expected that there will be underexecution in this budget line.
10. The USD 1.0 million spent on Board committees, panels and working groups comprises USD 0.04 million for Board panel members' travel; USD 0.6 million for the compensation of the independent Technical Advisory Panel; and USD 0.4 million for the compensation of the Accreditation Panel. The underspending in Board panel members' travel is because of restrictions on travel due to the COVID-19 pandemic. The panel members were not able to travel as planned for 2020. With continued restrictions on travel, 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, which was not utilized during the reporting period. The additional members of the independent Technical Advisory Panel will join later than the initial plan; thus the budget in this line item is expected to be underexecuted.

## 2.4 Independent unit expenditures

11. Expenditures for the independent units for the period from 1 January to 31 August 2020 are set out in tables 3, 4 and 5.

**Table 3: Independent Redress Mechanism expenditure for the period from 1 January to 31 August 2020**  
(in United States dollars)

		2020 approved budget	Actual expenditure to 31 August 2020	Balance	% spent
<b>3.1</b>	<b>Staff, consultants and interns</b>				
3.1.1	Full-time staff	759,893	450,401	309,492	59%
3.1.2	Consultants and interns	136,820	40,536	96,284	30%
	<b>Subtotal: staff, consultants and interns</b>	<b>896,713</b>	<b>490,937</b>	<b>405,776</b>	<b>55%</b>
<b>3.2</b>	<b>Travel</b>				
3.2.1	General	56,433	6,377	50,056	11%
3.2.2	Travel associated with complaints/requests	95,160	0	95,160	0%
	<b>Subtotal: travel</b>	<b>151,593</b>	<b>6,377</b>	<b>145,216</b>	<b>4%</b>
<b>3.3</b>	<b>Contractual services</b>				
3.3.1	Professional services	45,240	30,000	15,240	66%
3.3.2	Operating costs	196,692	5,791	190,901	3%



		2020 approved budget	Actual expenditure to 31 August 2020	Balance	% spent
3.3.3	Information, communication and technology	31,000	15,500	15,500	50%
	<b>Subtotal: contractual services</b>	<b>272,932</b>	<b>51,291</b>	<b>221,641</b>	<b>19%</b>
	<b>Grand total (1+2+3)</b>	<b>1,321,238</b>	<b>548,605*</b>	<b>772,633</b>	<b>42%*</b>

\* 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 August 2020 stand at 44 per cent.

12. Actual expenditure for the Independent Redress Mechanism during the reporting period totalled USD 548,605 against an approved 2020 annual budget of USD 1,321,238 (42 per cent).

13. The IRM has underspent in three areas. The underspend in “consultants and interns” is due to the IRM not having yet contracted consultants for complaints handling. The IRM had budgeted for three complaints in 2020, where consultants could be hired to provide support. To date, the IRM is processing one eligible complaint in 2020. The IRM intends to contract with two consultants for this case before the end of 2020. The IRM’s significant underspend in travel is due to the COVID-19 pandemic, which has resulted in the cancellation of all of the IRM’s in-person events and has prevented the IRM from conducting an on-site investigation for the eligible complaint received. The IRM’s underspend under “operating costs” is also as a result of the COVID-19 pandemic, because the IRM had budgeted for venue hire, catering and participant transport costs for IRM events under this item, and none of these in-person events have taken place.

**Table 4: Independent Integrity Unit expenditure for the period from 1 January to 31 August 2020 (in United States dollars)**

		2020 approved budget	Actual expenditure to 31 August 2020	Balance	% spent
<b>4.1</b>	<b>Staff, consultants and interns</b>				
4.1.1	Full-time staff	1,867,398	890,270	977,128	48%
4.1.2	Consultants and interns	110,100	75,235	34,865	68%
	<b>Subtotal: staff, consultants and interns</b>	<b>1,977,498</b>	<b>965,505</b>	<b>1,011,993</b>	<b>49%</b>
<b>4.2</b>	<b>Travel</b>				
4.2.1	General	207,046	29,281	177,765	14%
	<b>Subtotal: travel</b>	<b>207,046</b>	<b>28,855</b>	<b>178,191</b>	<b>14%</b>
<b>4.3</b>	<b>Contractual services</b>				
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	556	129,444	0%
4.3.4	Information and communications technology	173,500	37,182	136,318	21%



		2020 approved budget	Actual expenditure to 31 August 2020	Balance	% spent
	<b>Subtotal: contractual services</b>	<b>453,500</b>	<b>37,738</b>	<b>415,762</b>	<b>8%</b>
	<b>Grand total (1+2+3)</b>	<b>2,638,044</b>	<b>1,032,524*</b>	<b>1,605,520</b>	<b>39%*</b>

\* The expenses above do not include committed travel costs, contracts signed for consultants and professional services, which amount to approximately USD 0.16 million. If incorporated, the actual expenditure and commitments as of August 2020 stand at 45 per cent.

14. Actual expenditure for the Independent Integrity Unit during the reporting period totalled USD 1,032,524 against an approved 2020 annual budget of USD 2,638,044 (39 per cent).

15. The lower than expected expenditure in contractual services (8%) and travel (14%) during the reporting period is largely due to restrictions imposed by the COVID-19 pandemic. Specifically, the budget allocated to conduct integrity workshops to support capacity-building among accredited entities, awareness-raising activities and proactive integrity reviews is underspent compared with original expectations.

**Table 5: Independent Evaluation Unit expenditure for the period from 1 January to 31 August 2020 (in United States dollars)**

		2020 approved budget	Actual expenditure to 31 August 2020	Balance	% spent
<b>5.1</b>	<b>Staff, consultants and interns</b>				
5.1.1	Full-time staff	2,649,897	1,366,211	1,283,686	52%
5.1.2	Consultants and interns	678,160	482,680	195,480	71%
	<b>Subtotal: staff, consultants and interns</b>	<b>3,328,057</b>	<b>1,848,891</b>	<b>1,479,166</b>	<b>56%</b>
<b>5.2</b>	<b>Travel</b>				
5.2.1	General	375,228	67,193	308,035	18%
	<b>Subtotal: travel</b>	<b>375,228</b>	<b>67,193</b>	<b>308,035</b>	<b>18%</b>
<b>5.3</b>	<b>Contractual services</b>				
5.3.1	Legal and professional services	1,540,000	235,018	1,304,982	15%
5.3.2	Operating costs	338,700	99,563	239,137	29%
	<b>Subtotal: contractual services</b>	<b>1,878,700</b>	<b>334,581</b>	<b>1,544,119</b>	<b>18%</b>
	<b>Grand total (1+2+3)</b>	<b>5,581,985</b>	<b>2,250,665*</b>	<b>3,331,320</b>	<b>40%*</b>

\* The expenses above do not include committed travel costs, contracts signed for consultants and professional services, which amount to approximately USD 1.2 million. If incorporated, the actual expenditure and commitments as of August 2020 stand at 61 per cent.

16. Actual expenditure for the IEU during the reporting period totalled USD 2,250,665 against an approved 2020 annual budget of USD 5,581,985 (40 per cent).



17. The IEU's significant underspend in travel as well as legal and professional service and operating costs is due to the COVID-19 pandemic, which has resulted in the cancellation of all of the in-person participation of events by IEU personnel and the planned workshops hosted by IEU outside Songdo. Also, the planned country missions for ongoing IEU evaluations were cancelled or suspended, resulting in underspending of those budget items.

## 2.5 Secretariat expenditure

18. Expenditure for the Secretariat for the period from 1 January to 31 August 2020 is set out in table 6 below.

**Table 6: Secretariat expenditure for the period from 1 January to 31 August 2020  
(in United States dollars)**

		2020 approved budget	Actual Expenditure to 31 August 2020	Balance	% spent
<b>6.1</b>	<b>Staff, consultants and interns</b>				
6.1.1	Full-time staff	47,297,107	23,937,708	23,359,399	51%
6.1.2	Consultants and interns	2,882,165	1,870,256	1,011,909	65%
	<b>Subtotal: staff, consultants and interns</b>	<b>50,179,272</b>	<b>25,807,964</b>	<b>24,371,308</b>	<b>51%</b>
<b>6.2</b>	<b>Travel</b>				
6.2.1	General	2,769,338	311,597	2,457,741	11%
6.2.2	Staff travel to Board meetings	255,000	164,989	90,011	65%
	<b>Subtotal: travel</b>	<b>3,024,338</b>	<b>476,586</b>	<b>2,547,752</b>	<b>16%</b>
<b>6.3</b>	<b>Contractual services</b>				
6.3.1	Professional services	7,427,950	2,060,580	5,367,370	28%
6.3.2	Office utility	288,000	126,643	161,357	44%
6.3.3	Operating costs	2,747,050	423,143	2,323,907	15%
6.3.4	Information and communications technology	5,579,055	3,793,892	1,785,163	68%
6.3.5	Depreciation	945,267	452,541	492,726	48%
	<b>Subtotal: contractual services</b>	<b>16,987,322</b>	<b>6,856,799</b>	<b>10,130,523</b>	<b>40%</b>
	<b>Grand total (1+2+3)</b>	<b>70,190,932</b>	<b>33,141,349*</b>	<b>37,049,583</b>	<b>47%*</b>

\* The expenses above do not include committed travel costs, contracts signed for consultants and professional services, which amount to approximately USD 5.5 million. If incorporated, the actual expenditure and commitments as of August 2020 stand at 55 per cent.

19. Total Secretariat expenditure for the period from 1 January to 31 August 2020 amounted to USD 33.1 million of the total budget of USD 70.2 million (47 per cent). The following main points are noteworthy regarding this expenditure:

- (a) Due to the COVID-19 pandemic some activities of the Secretariat have been 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 47 per cent of the total for the year; aggregate expenditure on staff costs and consultants amounts to USD 25.8 million, or 78 per cent of the total Secretariat budget executed up to 31 August 2020 (i.e. USD 33.1 million);



- (c) Total expenditure on full-time staff amounts to USD 23.9 million, or 51 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. 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 eight months of 2020 the Secretariat had an average of 206 staff. The recruitment process has been streamlined and improved, aimed at reducing the average time-to-fill time by 30 per cent. The Secretariat currently has 20 recruitment processes at an advanced stage. The Secretariat is streamlining and accelerating its recruitment processes with a goal of reaching 220 staff by the end of 2020. This goal, however, will be challenging and depends on the evolution of COVID-19, as many candidates have indicated a reluctance to move away from their families to take foreign positions during the pandemic;
- (d) Consultancy costs are USD 1.9 million, or 65 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 overbudget for this line item at the end of the year;
- (e) Travel costs for staff and consultants are USD 0.5 million, or 16 per cent, against a budget of USD 3.0 million for the year. This amount also includes travel expenses of the Secretariat staff to support the Board at the twenty-fifth meeting of the Board held in Geneva. As a result of the COVID-19 pandemic, several in-person engagements with partners have either been conducted virtually or have been postponed, and as a result the travel budget is currently underexecuted. The execution for this line item is expected to remain very low due to the ongoing travel restrictions;
- (f) The cost of contractual services, general operations, information and communications technology, and depreciation is USD 6.8 million, or 40 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, the knowledge management system, and the GCF Private Investment for Climate Conference. The delivery of contractual services has been disrupted by the COVID-19 pandemic. The GCF Private Investment for Climate Conference for 2020 will be held virtually, which will also result in cost savings. Regarding 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 is expected to be a surge in the expenses for communications and printing. The underexecution of utilities cost is because staff worked from home for a prolonged period during the year, resulting in lower usage of utilities. On the other hand, due to the enormous increase in 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 information and communications technology services budget will be fully executed during 2020. Even after the expected surge in the execution during the remaining part of 2020 it is expected that the contractual services budget for 2020 will be underexecuted.



## 2.6 Trustee costs

20. Estimated costs for the Trustee services for the period from 1 January to 31 August 2020 are set out in table 7 below.

**Table 7: Estimated costs for the Trustee for the period ended 31 August 2020  
(in United States dollars)**

		<b>2020 Approved Budget</b>	<b>Estimated expenditure to 31 August 2020</b>	<b>Balance</b>	<b>% spent</b>
7.1	Trustee costs	2,881,000	1,920,667	960,333	67%
	<b>Total</b>	<b>2,881,000</b>	<b>1,920,667</b>	<b>960,333</b>	<b>67%</b>

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 31 August 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 31 August 2020  
(in United States dollars)**

		<b>2020 Approved Budget</b>	<b>Actual expenditure to 31 August 2020</b>	<b>Balance</b>	<b>% spent</b>
8.1	Temporary office space at Art Centre	20,000	5,525	14,475	28%
8.2	Quarantine kits	10,000	4,918	5,082	49%
8.3	ICT-related cost	290,000	244,101	45,899	84%
8.4	Professional firm/consultancy services	50,000	0	50,000	0%
8.5	Contingency to react to emerging needs (5% of the COVID-19 budget)	70,000	0	70,000	0%
	<b>Subtotal</b>	<b>440,000</b>	<b>254,544</b>	<b>185,456</b>	<b>58%</b>
8.6	Re-allocation	963,819	0	963,819	0%
	<b>Total</b>	<b>1,403,819</b>	<b>254,544</b>	<b>1,149,275</b>	<b>18%</b>

*\* The expenses above do not include committed ICT-related costs, which amount to approximately USD 0.03 million. If incorporated, the actual expenditure and commitments as of August 2020 stand at 20 per cent.*

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 31 August 2020 is available for the remaining months to December 2020.

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

25. The Budget Committee recommends that the Board take note of the report on the execution of the 2020 administrative budget of GCF as at 31 August 2020.

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