

**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
16 – 19 March 2021  
Virtual meeting  
Provisional agenda item 6

**GCF/B.28/Inf.10/Add.02**

23 February 2021

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

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## Summary

The document reports on the execution of the GCF 2020 administrative budget for the year ended 31 December 2020. Administrative expenditure relates to costs for Board activities, the independent units, the Secretariat, the Trustee and the COVID-19 budget. The figures in this document are unaudited.

As at 31 December 2020, total expenditure was USD 64 million for annual budgets (74 per cent of the approved budget). The unutilized budget of USD 22.6 million comprises USD 1.8 million for the Board, USD 2.9 million for the independent units, and USD 17.9 million for the Secretariat.

Out of the approved COVID-19 budget of USD 1.4 million, 0.3 million (22 percent) was utilized.

## 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, the Secretariat and the Trustee from 1 January to 31 December 2020 and the special COVID-19 budget.

## 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 (iTAP), 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.

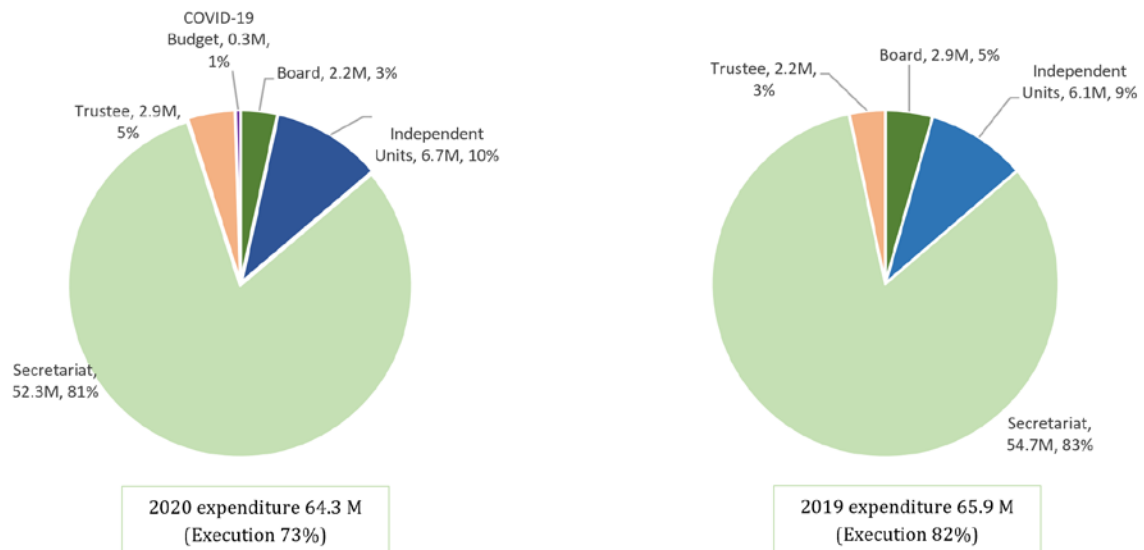
5. The Board also approved the following budgets for the three independent units, amounting to USD 9,541,267:

- (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 December 2020, total expenditure on the Board, the independent units, the Secretariat, the Trustee and the special budget for COVID-19 amounted to USD 64.3 million against a budget of USD 88.0 million (73 per cent). Of this figure, USD 2.2 million relates to the Board; USD 6.7 million to the independent units; USD 52.3 million to the Secretariat; USD 2.9 million to the Trustee; and USD 0.3 million to the COVID-19 special budget (these are set out in figure 1 and table 1 below). Figure 1 also shows how the 2020 expenditure compares with the 2019 expenditure.

**Figure 1: Composition of administrative expenditure for 2020 and 2019 (in USD)**



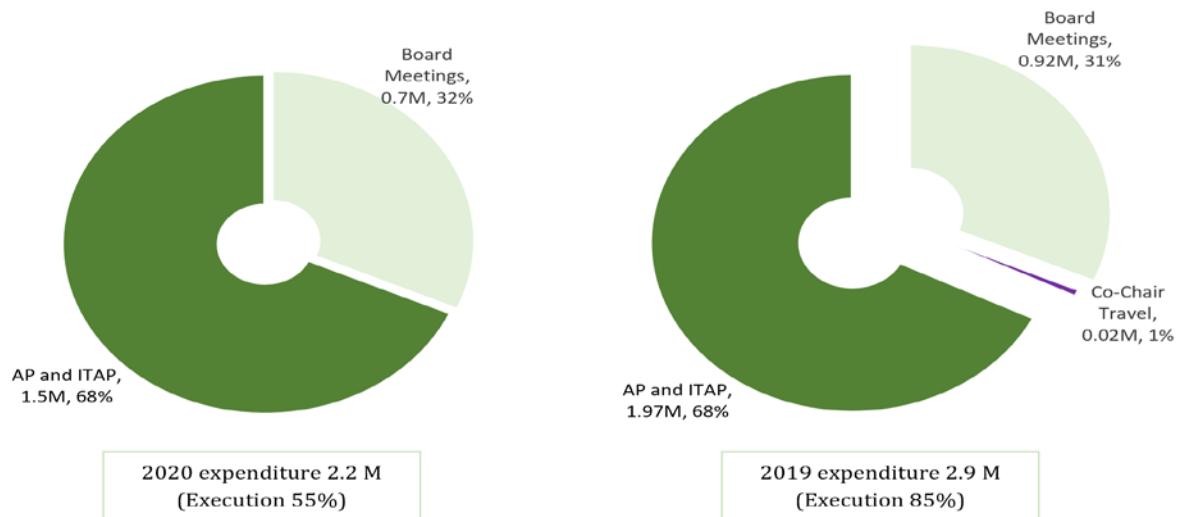
**Table 1: Summary of budget and expenditure for the period from 1 January to 31 December 2020 in USD**

		2020 approved budget	Actual expenditure to 31 December 2020	Balance	% spent
<b>A</b>	<b>Annual budgets</b>				
A1	Board	4,012,520	2,206,427	1,806,093	55%
A2	Independent units	9,541,267	6,681,885	2,859,382	70%
A3	Secretariat	70,190,932	52,264,275	17,926,657	74%
A4	Trustee	2,881,000	2,879,000	2,000	100%
	<b>Total annual budgets</b>	<b>86,625,719</b>	<b>64,031,587</b>	<b>22,594,132</b>	<b>74%</b>
<b>B</b>	<b>Special budgets</b>				
B1	COVID-19 budget	1,403,819	306,999	1,096,820	22%
	<b>Grand total</b>	<b>88,029,538</b>	<b>64,338,586</b>	<b>23,690,952</b>	<b>73%</b>

## 2.3 Board expenditure

7. As per figure 2 below, 68 per cent of the 2020 Board expenditure was spent on the expenses of Board panels while 32 per cent was spent on Board meetings. The composition is almost similar to the 2019 expenditure where 68 per cent was spent on Board panels, 1 per cent on Co-Chairs' travel and 31 per cent on Board meetings.

**Figure 2: Composition of Board expenditure for 2020 and 2019 (in USD)**



8. Detailed Board expenditure from 1 January 2020 to 31 December 2020 is set out in table 2 below.

**Table 2: Detailed Board expenditure in USD**

		2020 approved budget	Actual expenditure to 31 December 2020	Balance	% spent
<b>2.1</b>	<b>Board meetings</b>				
2.1.1	Board representative travel	1,153,919	400,671	753,248	35%
2.1.2	Venue and logistics	415,237	297,518	117,719	72%
	<b>Sub-total: Board meetings</b>	<b>1,569,156</b>	<b>698,189</b>	<b>870,967</b>	<b>44%</b>
<b>2.2</b>	<b>Co-Chair and Board representative travel</b>				
2.2.1	Co-Chair and Board representative travel	25,324	-	25,324	0%
	<b>Sub-total: Co-Chair and Board representative travel</b>	<b>25,324</b>	<b>-</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	39,599	317,186	11%
2.3.2	Venue and logistics	11,255	2,228	9,027	20%
2.3.3	Compensation of Board panels: Accreditation Panel	804,000	563,026	240,974	70%
2.3.4	Compensation of Board panels: Technical Advisory Panel	1,246,000	903,385	342,615	73%
	<b>Sub-total: Board committees, panels and working groups</b>	<b>2,418,040</b>	<b>1,508,238</b>	<b>909,802</b>	<b>62%</b>
	<b>Grand total (1+2+3)</b>	<b>4,012,520</b>	<b>2,206,427</b>	<b>1,806,093</b>	<b>55%</b>

9. Total Board expenditure for the period to 31 December 2020 amounted to USD 2.2 million or 55 per cent of the total budget of USD 4.0 million.

10. The Board meeting expenditure of USD 0.7 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 and the twenty-seventh meeting of the Board held virtually in August 2020 and November 2020, respectively. Except for the informal Board meeting and the twenty-fifth Board meeting, all other meetings in 2020 were held virtually. The result was low execution of the Board representative and Co-Chairs travel budgets.

11. The USD 1.5 million spent on Board committees, panels and working groups comprises USD 0.04 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. The underspending in Board panel members' travel is because of restrictions on travel due to the COVID-19 pandemic.

12. The compensation of Accreditation Panel members varies depending on their engagement during the year. Due to the COVID-19 pandemic, most activities were restricted. As a result, they were engaged for less time than was anticipated at the time of budgeting, hence the low utilization of the budget for their compensation.

13. For the independent Technical Advisory Panel, the additional budget of USD 0.3 million approved by decision B.25/09 was not utilized during the reporting period given that the

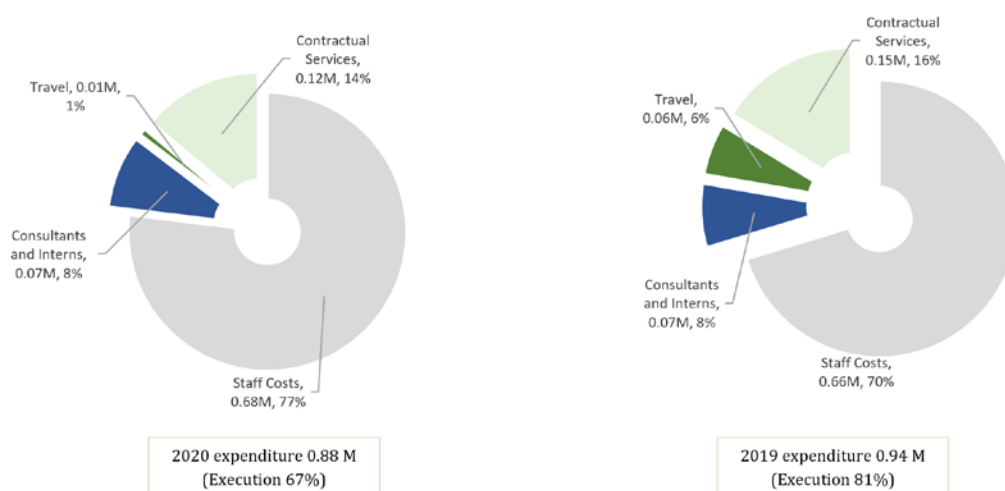
recruitment and finalization of the contracts for additional members of the independent Technical Advisory Panel was not finalized until January 2021.

## 2.4 Independent units expenditure

### 2.4.1 Independent Redress Mechanism

14. The composition of the IRM expenditure for 2020 and 2019 is as shown in figure 3.

**Figure 3: Composition of IRM expenditure for 2020 and 2019 (in USD)**



15. The detailed expenditure for IRM from 1 January 2020 to 31 December 2020 is outlined in table 3 below.

**Table 3: IRM 2020 detailed expenditure details in USD**

		2020 approved budget	Actual expenditure to 31 December 2020	Balance	% spent
<b>3.1</b>	<b>Staff, consultants and interns costs</b>				
3.1.1	Full-time staff	759,893	680,347	79,546	90%
3.1.2	Consultants and interns	136,820	74,533	62,287	54%
	<b>Sub-total: staff, consultants and interns</b>	<b>896,713</b>	<b>754,880</b>	<b>141,833</b>	<b>84%</b>
<b>3.2</b>	<b>Travel</b>				
3.2.1	General	56,433	6,845	49,588	12%
3.2.2	Travel associated with complaints/requests	95,160	-	95,160	0%
	<b>Sub-total: travel</b>	<b>151,593</b>	<b>6,845</b>	<b>144,748</b>	<b>5%</b>
<b>3.3</b>	<b>Contractual services</b>				
3.3.1	Professional services	45,240	74,073	(28,833)	164%
3.3.2	Operating costs	196,692	17,650	179,042	9%

		2020 approved budget	Actual expenditure to 31 December 2020	Balance	% spent
3.3.3	Information, communication and technology	31,000	31,000	-	100%
	<b>Sub-total: contractual services</b>	<b>272,932</b>	<b>122,723</b>	<b>150,209</b>	<b>45%</b>
	<b>Grand total (1+2+3)</b>	<b>1,321,238</b>	<b>884,448</b>	<b>436,790</b>	<b>67%</b>

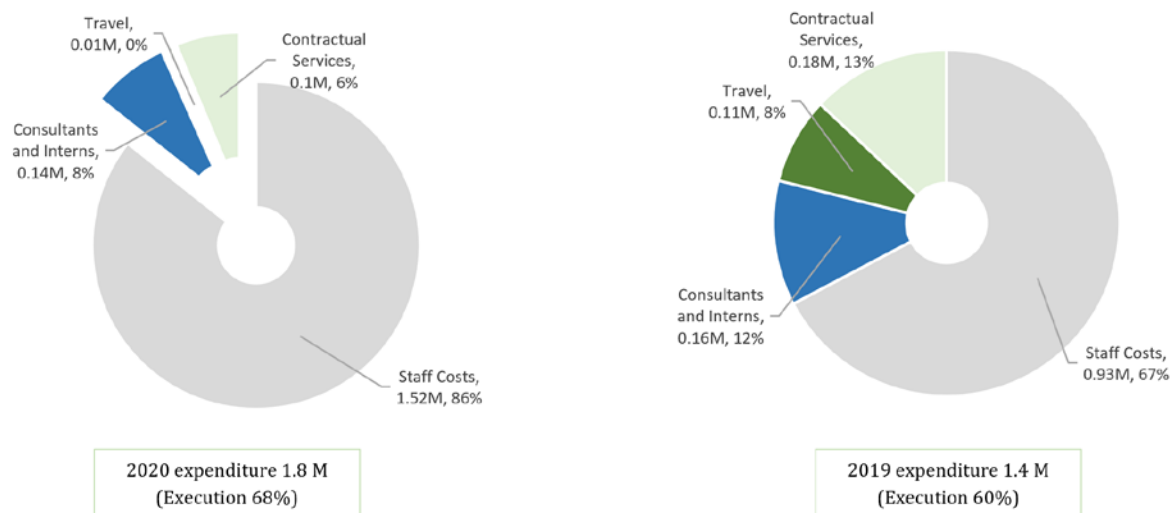
16. Actual expenditure for the IRM during the reporting period totalled USD 0.9 million against an approved 2020 annual budget of USD 1.3 million (67 per cent).

17. The IRM has underspent in three key areas. The underspend in consultants and interns is due to the IRM not having contracted consultants for complaints handling. The IRM had budgeted for three complaints in 2020, where consultants could be hired to provide support. The IRM received three complaints in 2020, but only one proceeded past the eligibility phase, and consultants to support this complaint were only hired in January 2021. 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 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 took place. Despite the overall budget underspend, there has been overspending on contractual services as a result of the IRM having to contract with firms to offer support for online capacity-building and outreach.

#### 2.4.2. Independent Integrity Unit

18. The composition of the IIU expenditure for 2020 and 2019 is shown in figure 4 below.

**Figure 4: Composition of IIU expenditure for 2020 and 2019 (in USD)**



19. The detailed expenditure for IIU from 1 January 2020 to 31 December 2020 is outlined in table 4 below:

**Table 4: Detailed IIU expenditure from 1 January to 31 December 2020 (in USD)**

		2020 approved budget	Actual expenditure to 31 December 2020	Balance	% spent
<b>4.1</b>	<b>Staff, consultants and interns costs</b>				
4.1.1	Full-time staff	1,867,398	1,520,782	346,616	81%
4.1.2	Consultants and interns	110,100	135,419	(25,319)	123%
	<b>Sub-total: staff, consultants and interns</b>	<b>1,977,498</b>	<b>1,656,201</b>	<b>321,297</b>	<b>84%</b>
<b>4.2</b>	<b>Travel</b>				
4.2.1	General	207,046	28,966	178,080	14%
	<b>Sub-total: travel</b>	<b>207,046</b>	<b>28,966</b>	<b>178,080</b>	<b>14%</b>
<b>4.3</b>	<b>Contractual services</b>				
4.3.1	Professional services	130,000	2,555	127,445	2%
4.3.2	Communication and outreach	20,000	-	20,000	0%
4.3.3	Other operating costs	130,000	6,795	123,205	5%
4.3.4	Information, communication and technology	173,500	102,520	70,980	59%
	<b>Sub-total: contractual services</b>	<b>453,500</b>	<b>111,870</b>	<b>341,630</b>	<b>25%</b>
	<b>Grand total (1+2+3)</b>	<b>2,638,044</b>	<b>1,797,037</b>	<b>841,007</b>	<b>68%</b>

20. Actual expenditure for the IIU during the reporting period totalled USD 1.8 million against an approved 2020 annual budget of USD 2.6 million (68 per cent).

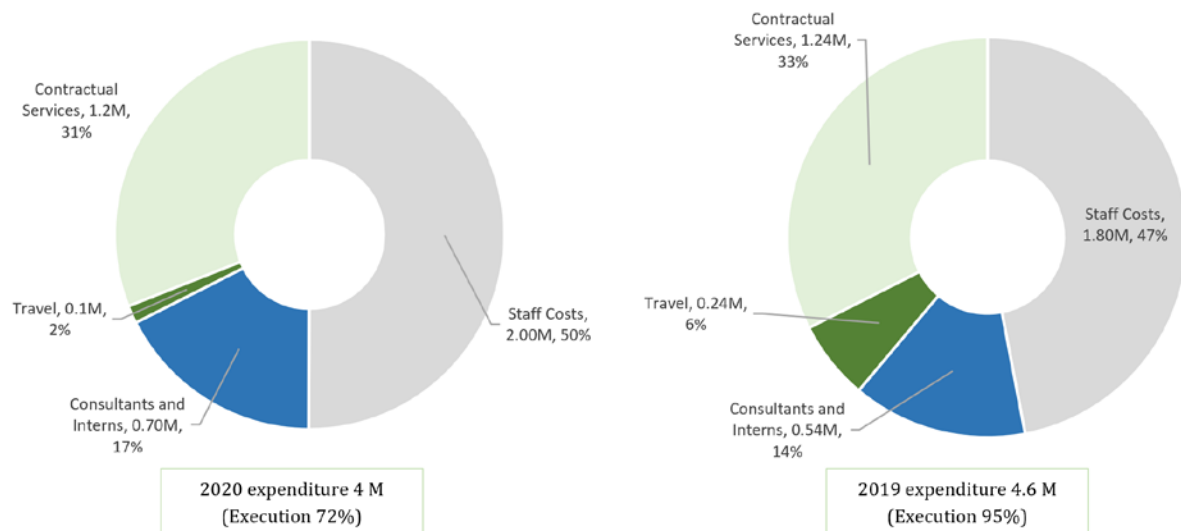


21. Recruitment and onboarding of staff was delayed. The Data Analyst joined the team in July 2020, while the Senior Prevention Specialist recruitment was only completed in December 2020, with the successful candidate onboarding in 2021. The IIU also deferred the recruitment of the Team Assistant to 2021. As a result, there was low execution in the staff costs.
22. The COVID-19 pandemic had a significant impact on IIU operations, specifically in the execution of its prevention mandate and recruitment of staff. Due to the travel restrictions, lockdowns, disruption of normal business processes, and the necessary prohibitions of in-person events, the IIU had to curtail its intended outreach and capacity-building initiatives, eliminating travel and the execution of dependent activities. The developments contributed to the low execution of the travel budget.
23. On contractual services, the procurement of its Case Management System was not concluded in 2020 due to unforeseen delays during contract negotiations. Similarly, although the IIU initiated activities related to its Proactive Integrity Reviews (PIR), the global pandemic and other unforeseen logistical matters led to the necessary deferment of certain activities such as travel, the engagement of professional services, and the procurement of associated technical tools.
24. Considering the indicated limitations and reduction of direct engagements, in 2020 the IIU shifted its marketing focus from print-based materials to electronic formats, leading to the reflected budgetary savings.
25. Given the extraordinary year, the IIU has pivoted its prevention initiatives to take advantage of technical implementations, virtual environments, and the engagement of hybrid modalities to ensure continued performance of its overall mandate.

### 2.4.3. Independent Evaluation Unit

26. The composition of the IEU expenditure for 2020 and 2019 is outlined in figure 5.

**Figure 5: Composition of IEU expenditure for 2020 and 2019 (in USD)**



27. The detailed expenditure for the IEU from 1 January 2020 to 31 December 2020 is outlined in table 5 below.

**Table 5: Detailed 2020 IEU expenditure in USD**

		2020 approved budget	Actual expenditure to 31 December 2020	Balance	% spent
<b>5.1</b>	<b>Staff, consultants and interns costs</b>				
5.1.1	Full-time staff	2,649,897	2,003,159	646,738	76%
5.1.2	Consultants and interns	678,160	698,126	(19,966)	103%
	<b>Sub-total: staff, consultants and interns</b>	<b>3,328,057</b>	<b>2,701,285</b>	<b>626,772</b>	<b>81%</b>
<b>5.2</b>	<b>Travel</b>				
5.2.1	General	375,228	59,341	315,887	16%
	<b>Sub-total: travel</b>	<b>375,228</b>	<b>59,341</b>	<b>315,887</b>	<b>16%</b>
<b>5.3</b>	<b>Contractual services</b>				
5.3.1	Legal and professional services	1,540,000	1,028,332	511,668	67%
5.3.2	Operating costs	338,700	211,442	127,258	62%
	<b>Sub-total: contractual services</b>	<b>1,878,700</b>	<b>1,239,774</b>	<b>638,926</b>	<b>66%</b>
	<b>Grand total (1+2+3)</b>	<b>5,581,985</b>	<b>4,000,400</b>	<b>1,581,585</b>	<b>72%</b>

28. During the reporting period, the actual expenditure for the IEU during the reporting period totalled USD 4.0 million against an approved 2020 annual budget of USD 5.6 million (72 per cent).

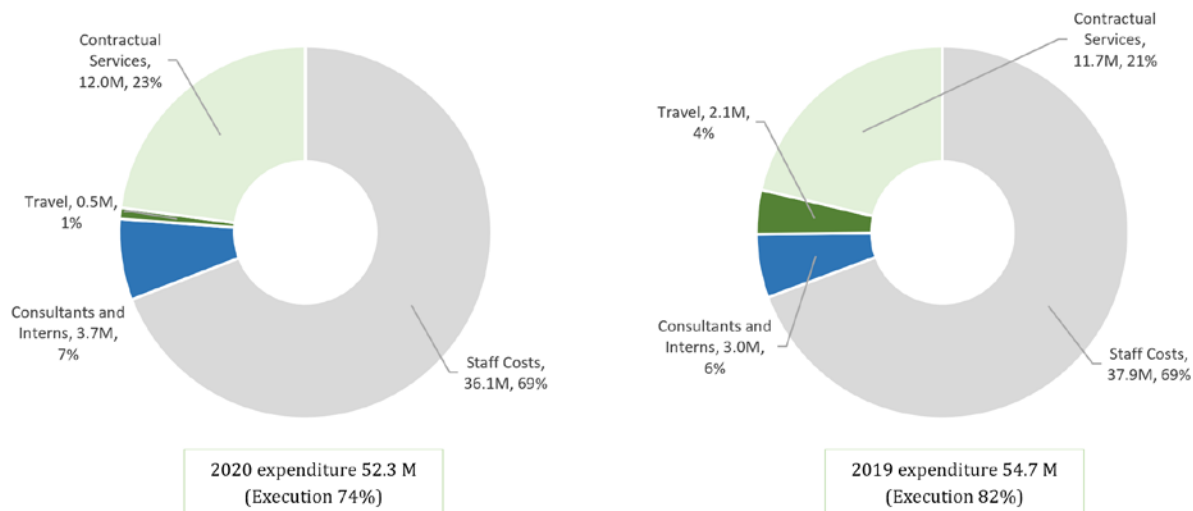
29. While the IEU planned for 16 staff in 2020, the turnover of two senior staff and recruitment challenges led to an average of 11 staff for the year. As a result, only 76 per cent of the budgeted staff costs were utilized. During the year, the lower average number of staff also meant that more support from consultants was needed to cover the gap of five staff, hence the overutilization of consultants' costs. However, the savings in staff costs were more than sufficient to cover the overutilization, resulting in a utilization of 81 per cent of budgeted costs for staff, consultants, and interns.

30. The IEU's significant underspend in travel, professional services and other operating costs is due to the COVID-19 pandemic, which has resulted in the cancellation of all in-person event participation by IEU personnel and the planned workshops hosted by the IEU outside Songdo. The planned country missions under IEU evaluations in 2020 were cancelled or suspended, resulting in reductions of contract amounts for professional services by consulting firms that provided technical support to IEU evaluations.

## 2.5 Secretariat expenditure

31. The composition of the Secretariat expenditure for 2020 and 2019 is summarized in figure 6. There was a reduction in the overall 2020 expenditure compared to the 2019 expenditure; however, the 2020 composition almost mirrors the 2019 composition.

**Figure 6: Composition of Secretariat expenditure for 2020 and 2019 (in USD)**



32. The detailed expenditure for the Secretariat from 1 January to 31 December 2020 is set out in table 6 below.

**Table 6: Detailed Secretariat expenditure from 1 January 2020 to 31 December 2020 in USD**

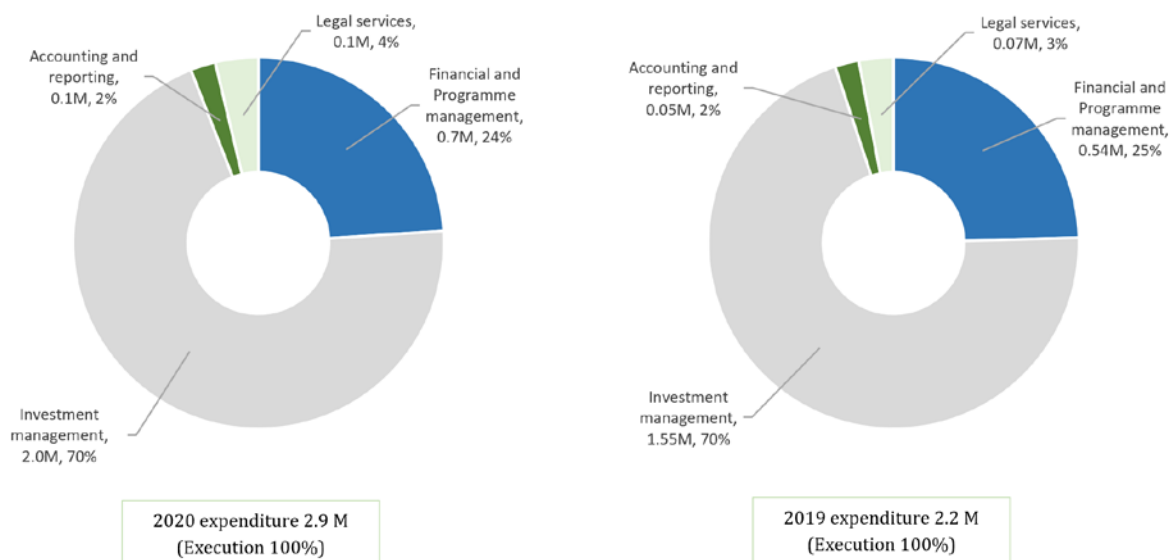
		2020 approved budget	Actual expenditure to 31 December 2020	Balance	% spent
<b>6.1</b>	<b>Staff, consultants and interns costs</b>				
6.1.1	Full-time staff	47,297,107	36,127,577	11,169,530	76%
6.1.2	Consultants and interns	2,882,165	3,677,383	(795,218)	128%
	<b>Sub-total: staff, consultants and interns</b>	<b>50,179,272</b>	<b>39,804,960</b>	<b>10,374,312</b>	<b>79%</b>
<b>6.2</b>	<b>Travel</b>				
6.2.1	General	2,769,338	339,049	2,430,289	12%
6.2.2	Staff travel to Board meeting	255,000	164,989	90,011	65%
	<b>Sub-total: travel</b>	<b>3,024,338</b>	<b>504,038</b>	<b>2,520,300</b>	<b>17%</b>
<b>6.3</b>	<b>Contractual services</b>				
6.3.1	Professional services	7,427,950	4,438,580	2,989,370	60%
6.3.2	Office utilities	288,000	195,408	92,592	68%
6.3.3	Operating costs	2,747,050	1,093,492	1,653,558	40%
6.3.4	Information, communication and technology	5,579,055	5,512,013	67,042	99%
6.3.5	Depreciation	945,267	715,784	229,483	76%
	<b>Sub-total: contractual services</b>	<b>16,987,322</b>	<b>11,955,277</b>	<b>5,032,045</b>	<b>70%</b>
	<b>Grand total (1+2+3)</b>	<b>70,190,932</b>	<b>52,264,275</b>	<b>17,926,657</b>	<b>74%</b>

33. Total Secretariat expenditure for the period from 1 January to 31 December 2020 amounted to USD 52.3 million of the total budget of USD 70.2 million (74 per cent). The following main points are noteworthy regarding this expenditure.
- (a) Total expenditure on full-time staff amounts to USD 36.1 million or 76 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 has been to get the candidates to Songdo for an in-person interview, which is not possible under the current circumstances). Many candidates were reluctant to move away from their families to take foreign positions during the pandemic. While the Secretariat budgeted for an average of 240 staff for 2020, the actual average number of staff in 2020 was 203;
  - (b) Consultancy costs are USD 3.7 million or 128 per cent of the total budget for the year. Several consultants have been hired to maintain the necessary capacity of the Secretariat, where staff positions have yet to be filled. While this cost USD 0.8 million more than the budgeted consultants' costs, the savings realized in the staff costs budget of USD 11.1 million was more than sufficient to cover the overexpenditure in consultants. Overall savings of USD 10.3 million was realized for staff, consultants and interns;
  - (c) Travel costs for staff and consultants are USD 0.5 million or 17 per cent of the 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 informal meeting of the Board in Liberia and 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 postponed, resulting in lower execution for the travel budget;
  - (d) The cost of contractual services, general operations, information and communications technology, and depreciation is USD 12 million, or 70 per cent, against a budget of USD 17 million for the year, which is within the budget; and
  - (e) 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 was held virtually, resulting in cost savings. The underspend of utilities is because staff worked from home for a prolonged period during the year, resulting in lower usage of utilities.

## 2.6 Trustee costs

The composition of the Trustee costs for 2020 and 2019 is outlined in figure 7 below.

**Figure 7: Composition of Trustee expenditure for 2020 and 2019 (in USD)**



34. The total costs for the Trustee services for the period from 1 January to 31 December 2020 are set out in table 7 below.

**Table 7: Trustee budget utilization from 1 January 2020 to 31 December 2020**

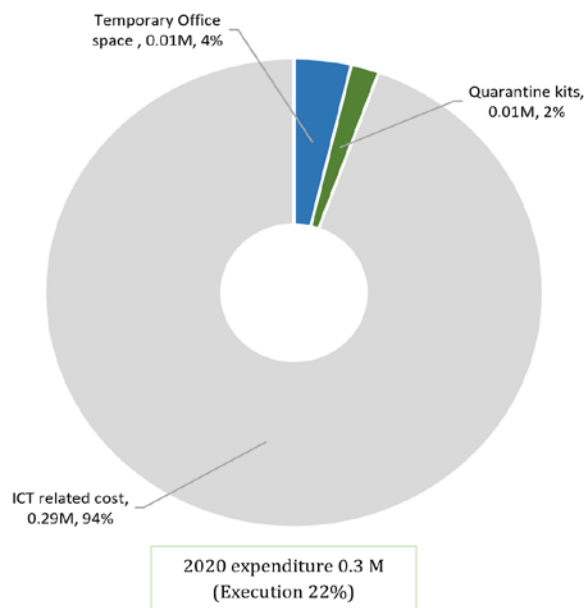
		2020 approved budget	Actual expenditure to 31 December 2020	Balance	% spent
7.1	Financial and programme management	614,000	690,000	(76,000)	112%
7.2	Investment management	2,115,000	2,018,000	97,000	95%
7.3	Accounting and reporting	57,000	63,000	(6,000)	111%
7.4	Legal services	95,000	108,000	(13,000)	114%
	<b>Grand total</b>	<b>2,881,000</b>	<b>2,879,000</b>	<b>2,000</b>	<b>100%</b>

35. While some lines were overutilized, these were covered by savings in other lines. Overall the Trustee expenditure was retained within the allocated budget.

## 2.7 COVID-19 budget

36. 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. Only 0.3 million of the approved budget of 1.4 million (22 percent) was utilized. The composition of the expenditure is shown in figure 8 while Table 8 details the approved budget lines and related expenditure.

**Figure 8: Composition of the COVID-19 expenditure in USD**



**Table 8: COVID-19 contingency budget lines and expenditure in USD**

		2020 approved budget	Actual expenditure to 31 December 2020	Balance	% spent
8.1	Re-allocation	963,819	0	963,819	0%
8.2	Temporary office space at Art Centre	20,000	11,390	8,610	57%
8.3	Quarantine kits	10,000	5,609	4,391	56%
8.4	Information and communications technology related cost	290,000	290,000	0	100%
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%
	<b>Grand total</b>	<b>1,403,819</b>	<b>306,999</b>	<b>1,096,820</b>	<b>22%</b>

## 2.8 Non-utilized budget

37. 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 remaining from the annual budget at the 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**

38. 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 December 2020.

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