

**GREEN
CLIMATE
FUND**

Meeting of the Board
17 – 20 July 2022
Incheon, Republic of Korea
Provisional agenda item 5

GCF/B.33/Inf.06/Add.02

24 June 2022

Report on the execution of the 2022 administrative budget of GCF

Summary

This document provides information on the execution of the GCF 2022 administrative budget for the period from 1 January to 31 May 2022 and the budget approved for the second performance review of GCF for the period from 10 June 2021 to 31 May 2022. 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 May 2022, total expenditure was USD 29.1 million against the annual budget of USD 101.6 million (29 per cent of the approved budget) and USD 0.1 million against the multi-year budget for the second performance review (9 per cent of the approved budget). These figures do not include commitments i.e., the contracts for consultants and professional services that have been signed and committed to by GCF but where services/goods have not yet been delivered by the vendor. During the year when the relevant services are performed or goods delivered, these would be reported as actual expenditure in the budget execution reports.

The unutilized budget of USD 72.7 million comprises USD 3.3 million for the Board, USD 8.4 million for the independent units, USD 57.7 million for the Secretariat, USD 2.1 million for the Trustee and USD 1.2 million for the second performance review.

I. Introduction

1. This document presents a review of the 2022 expenditure against the administrative budget of GCF. It is based on actual expenditure relating to activities of the Board, independent units, Secretariat and Trustee for the period from 1 January to 31 May 2022. For the second performance review, the amounts reflect expenditure for the period from 10 June 2021 to 31 May 2022.

II. Approved budget and summary of expenditure

2.1 Approved budget

2. By decision B.30/07, the Board approved, from the resources available in the GCF Trust Fund, an administrative budget of USD 87,813,586 for the period from 1 January to 31 December 2022 for Board activities (USD 4,767,656), Secretariat operations (USD 79,399,930) and Trustee activities (USD 3,646,000). The budget of USD 79,399,930 for Secretariat operations includes a contingency budget equal to 2 per cent of the administrative budget of the Secretariat (USD 1,556,861).

3. The Board also approved an additional budget of USD 1,602,438 for Secretariat staff salaries and emoluments in 2022 under decision B.30/06.

4. The Board also approved the following budgets for the three independent units, amounting to USD 11,235,837:

- (a) USD 1,645,915 under decision B.30/08 for the Independent Redress Mechanism (IRM) for the period from 1 January to 31 December 2022;
- (b) USD 3,102,910 under decision B.30/09 for the Independent Integrity Unit (IIU) for the period from 1 January to 31 December 2022; and
- (c) USD 6,487,012 under decision B.30/10 for the Independent Evaluation Unit (IEU) for the period from 1 January to 31 December 2022.

5. In addition, by decision B.BM-2021/11, the Board approved a multi-year budget of USD 1,315,000 for the second performance review of GCF.

2.2 Summary of expenditure

6. For the period from 1 January to 31 May 2022, the total expenditure for the Board, independent units, Secretariat and Trustee amounted to USD 29.2 million against a budget of USD 100.6 million (29 per cent). Of this figure, USD 1.5 million relates to the Board; USD 2.9 million to the independent units; USD 23.3 million to the Secretariat; and USD 1.5 million to the Trustee¹ (as set out in figure 1 and table 1).

¹ There are small rounding differences.

**Figure 1: Composition of administrative expenditure for the period from 1 January to 31 May 2022
(in United States dollars)**

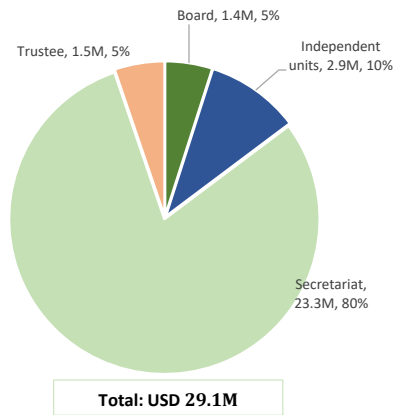


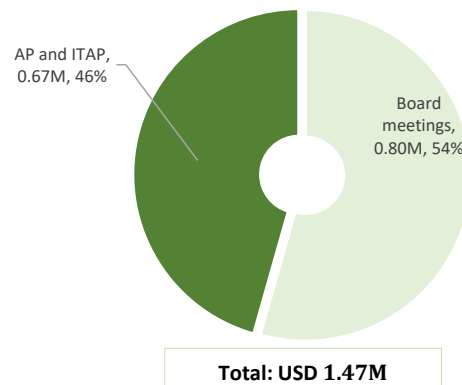
Table 1: Summary of annual budget and expenditure for the period from 1 January to 31 May 2022 (in United States dollars)

		2022 approved budget	Actual expenditure to 31 May 2022	Balance	% spent
A	Annual budgets				
A1	Board	4,767,656	1,466,813	3,300,843	31%
A2	Independent units	11,235,837	2,859,812	8,376,025	25%
A3	Secretariat	81,002,368	23,315,361	57,687,007	29%
A4	Trustee	3,646,000	1,519,167	2,126,833	42%
	Total: annual budgets	100,651,861	29,161,153	71,490,708	29%

2.3 Board expenditure

7. The composition of Board expenditure for the period from 1 January to 31 May 2022 is shown in figure 2.

Figure 2: Composition of Board expenditure for the period from 1 January to 31 May 2022 (in United States dollars)



Abbreviations: AP = Accreditation Panel, iTAP = independent Technical Advisory Panel.

8. Detailed Board expenditure for the period from 1 January to 31 May 2022 is set out in table 2.

Table 2: Detailed Board expenditure for the period from 1 January to 31 May 2022 (in United States dollars)

		2022 approved budget	Actual expenditure to 31 May 2022	Balance	% spent
2.1	Board meetings				
2.1.1	Board representative travel	1,188,537	163,060	1,025,477	14%
2.1.2	Venue and logistics	427,694	634,698	(207,004)	148%
	Subtotal: Board meetings	1,616,231	797,758	818,473	49%
2.2	Co-Chair and Board representative travel				
2.2.1	Co-Chair and Board representative travel	26,084	0	26,084	0%
	Subtotal: Co-Chair and Board representative travel	26,084	0	26,084	0%
2.3	Board committees, panels and working groups				
2.3.1	Board representative travel	487,488	0	487,488	0%
2.3.2	Venue and logistics	11,593	0	11,593	0%
2.3.3	Compensation of Board panels: Accreditation Panel	993,380	123,595	869,785	12%
2.3.4	Compensation of Board panels: independent Technical Advisory Panel	1,632,880	545,460	1,087,420	33%
	Subtotal: Board committees, panels and working groups	3,125,341	669,055	2,456,286	21%
	Grand total (1+2+3)	4,767,656	1,466,813	3,300,843	31%

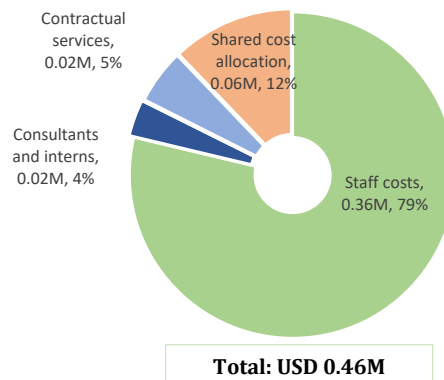
9. Total Board expenditure for the period from 1 January to 31 May 2022 amounted to USD 1.5 million, or 31 per cent of the total budget of USD 4.8 million.
10. The Board meeting expenditure of USD 0.8 million represents the costs of the thirty-second meeting of the Board, held in Antigua and Barbuda in May 2022.
11. The expenditure in the meeting and logistics budget line depends on the modality, location and venue of the Board meeting and the arrangement with the host country. The expenditure is over the approved budget but the savings in other line items will cover the expected expenditure for the rest of the year. In the case of any expected overrun in the Board budget, the Secretariat will communicate with the Budget Committee in due time.
12. The USD 0.7 million spent on Board committees, panels and working groups comprises USD 0.5 million for the compensation of the independent Technical Advisory Panel and USD 0.1 million for the compensation of the Accreditation Panel.

2.4 Independent units expenditure

2.4.1 Independent Redress Mechanism expenditure

13. The composition of IRM expenditure for the period from 1 January to 31 May 2022 is shown in figure 3.

Figure 3: Composition of Independent Redress Mechanism expenditure for the period from 1 January to 31 May 2022 (in United States dollars)



14. Detailed IRM expenditure for the period from 1 January to 31 May 2022 is shown in table 3.

Table 3: Detailed Independent Redress Mechanism expenditure for the period from 1 January to 31 May 2022 (in United States dollars)

		2022 approved budget	Actual expenditure to 31 May 2022	Balance	% spent
3.1	Staff, consultants and interns				
3.1.1	Full-time staff	1,095,945	360,066	735,879	33%
3.1.2	Consultants and interns	160,390	16,592	143,798	10%
	Subtotal: staff, consultants and interns	1,256,335	376,658	879,677	30%
3.2	Travel				
3.2.1	General	19,030	356	18,674	2%
3.2.2	Travel associated with complaints/requests	42,530	-	42,530	0%
	Subtotal: travel	61,560	356	61,204	1%
3.3	Contractual services				
3.3.1	Professional services	147,651	22,680	124,971	15%
3.3.2	Operating costs	29,900	2,117	27,783	7%
	Subtotal: contractual services	177,551	24,797	152,754	14%
	Total	1,495,446	401,811	1,093,635	27%
	Shared cost allocation	150,469	55,550	94,919	37%
	Grand total (1+2+3)	1,645,915	457,361	1,188,554	28%

Note: The expenses do not include committed contracts signed for consultants and professional services, which amount to approximately USD 0.3 million. If incorporated, the actual expenditure and commitments as at 31 May 2022 stand at 44 per cent.

15. Actual expenditure for the IRM during the reporting period totalled USD 0.46 million against an approved 2022 annual budget of USD 1.6 million (28 per cent). The Board's attention is drawn to the fact that, as stated in the 2022 budget, 9 per cent of the IRM budget (i.e. USD 154,080) constitutes demand-driven costs which would be incurred only if complaints or reconsideration requests are received by the IRM and necessitate travel or expert advice.

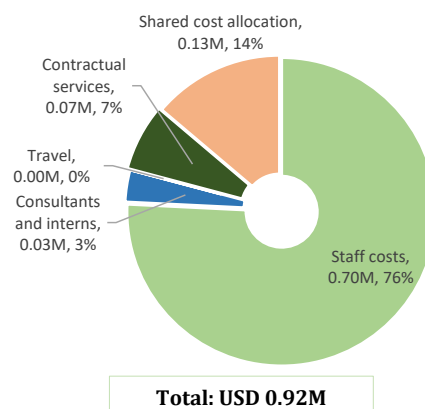
16. A portion of spending on the consultancy and operating costs budget is dependent on complaints received. Given that the case being handled in relation to FP146, Nicaragua, is now going through compliance investigation and problem-solving processes, a significant number of payments is expected to be made in June and July 2022 to cover the costs of travel and hiring individual experts and a mediator.

17. The IRM hired the Consensus Building Institute to train the grievance redress mechanisms of the GCF direct access entities through one global workshop throughout June and one-on-one expert advice throughout the rest of 2022. The IRM has started to review the proposals received from translation and interpretation firms, one of which the IRM will hire to handle its translation and interpretation work more efficiently and expeditiously. The IRM is also in the process of contracting five civil society organizations to assist with its outreach activities and will hire several individual experts to deliver mediation training to the GRMs of the GCF's DAEs.

2.4.2 Independent Integrity Unit expenditure

18. The composition of IIU expenditure for the period from 1 January to 31 May 2022 is shown in figure 4.

Figure 4: Composition of Independent Integrity Unit expenditure for the period from 1 January to 31 May 2022 (in United States dollars)



19. Detailed IIU expenditure for the period from 1 January to 31 May 2022 is outlined in table 4.

Table 4: Detailed Independent Integrity Unit expenditure for the period from 1 January to 31 May 2022 (in United States dollars)

		2022 approved budget	Actual expenditure to 31 May 2022	Balance	% spent
4.1	Staff, consultants and interns				
4.1.1	Full-time staff	2,413,515	698,900	1,714,615	29%
4.1.2	Consultants and interns	96,575	30,980	65,595	32%
	Subtotal: staff, consultants and interns	2,510,090	729,880	1,780,210	29%
4.2	Travel				
4.2.1	General	13,560	69	13,491	1%
	Subtotal: travel	13,560	69	13,491	1%
4.3	Contractual services				
4.3.1	Professional services	50,000	6,772	43,228	14%
4.3.2	Communication and outreach	7,000	6,511	489	93%
4.3.3	Other operating costs	43,300	-	43,300	0%
4.3.4	Information and communication technology	129,454	51,798	77,656	40%
	Subtotal: contractual services	229,754	65,081	164,673	28%
	Total	2,753,404	795,030	1,958,374	29%
4.4	Shared cost allocation	349,506	127,255	222,251	36%
	Grand total (1+2+3+4)	3,102,910	922,285	2,180,625	30%

Note: The expenses do not include committed contracts signed for consultants and professional services, which amount to approximately USD 0.3 million. If incorporated, the actual expenditure and commitments as at 31 May 2022 stand at 41 per cent.

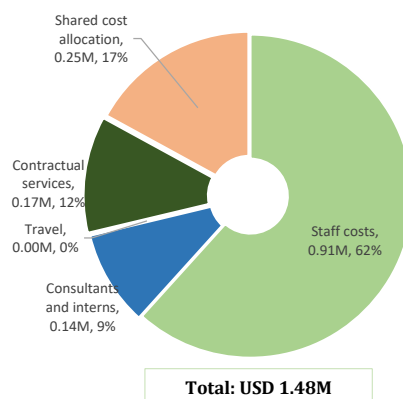
20. Actual expenditure for the IIU during the reporting period totalled USD 0.9 million against an approved 2022 annual budget of USD 3.1 million (30 per cent).

21. The IIU's budget execution remains on target but greater utilization is expected in the second half of the year. Notably, the travel line item will increase greater than previously anticipated as Covid restrictions begin to ease. The unit also intends to recruit new staff and engage the consultancies necessary to conclude the embarked upon proactive integrity reviews

2.4.3 Independent Evaluation Unit expenditure

22. The composition of IEU expenditure for the period from 1 January to 31 May 2022 is shown in figure 5.

Figure 5: Composition of Independent Evaluation Unit expenditure for the period from 1 January to 31 May 2022 (in United States dollars)



23. Detailed IEU expenditure for the period from 1 January to 31 May 2022 is outlined in table 5.

Table 5: Detailed Independent Evaluation Unit expenditure for the period from 1 January to 31 May 2022 (in United States dollars)

		2022 approved budget	Actual expenditure to 31 May 2022	Balance	% spent
5.1	Staff, consultants and interns				
5.1.1	Full-time staff	3,640,213	913,033	2,727,180	25%
5.1.2	Consultants and interns	504,875	141,561	363,314	28%
	Subtotal: staff, consultants and interns	4,145,088	1,054,594	3,090,494	25%
5.2	Travel				
5.2.1	General	218,915	270	218,645	0%
	Subtotal: travel	218,915	270	218,645	0%
5.3	Contractual services				
5.3.1	Legal and professional services	1,386,000	164,009	1,221,991	12%
5.3.2	Operating costs	46,500	9,308	37,192	20%
	Subtotal: contractual services	1,432,500	173,317	1,259,183	12%
	Total	5,796,503	1,228,181	4,568,322	21%
	Shared cost allocation	690,509	251,985	438,524	36%
	Grand total (1+2+3)	6,487,012	1,480,166	5,006,846	23%

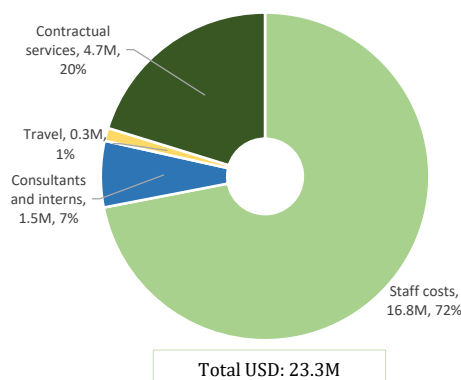
Note: The expenses do not include committed contracts signed for consultants and professional services, which amount to approximately USD 1.1 million. If incorporated, the actual expenditure and commitments as at 31 May 2022 stand at 40 per cent.

24. Actual expenditure for the IEU during the reporting period totalled USD 1.5 million against an approved 2022 annual budget of USD 6.5 million (23 per cent).

2.5 Secretariat expenditure

25. The composition of Secretariat expenditure for the period from 1 January to 31 May 2022 is shown in figure 6.

Figure 6: Composition of Secretariat expenditure for the period from 1 January to 31 May 2022 (in United States dollars)



26. Detailed Secretariat expenditure for the period from 1 January to 31 May 2022 is set out in table 6.

Table 6: Detailed Secretariat expenditure for the period from 1 January to 31 May 2022 (in United States dollars)

		2022 approved budget	Actual expenditure to 31 May 2022	Balance	% spent
6.1	Staff, consultants and interns				
6.1.1	Full-time staff ^a	53,616,786	16,777,304	36,839,482	31%
6.1.2	Consultants and interns ^a	4,366,268	1,523,650	2,842,618	35%
	Subtotal: staff, consultants and interns	57,983,054	18,300,954	39,682,100	32%
6.2	Travel				
6.2.1	General	1,609,794	42,477	1,567,317	3%
6.2.2	Staff travel to Board meeting	255,000	255,000	0	100%
	Subtotal: travel	1,864,794	297,477	1,567,317	16%
6.3	Contractual services				
6.3.1	Professional services	6,600,107	732,898	5,867,209	11%
6.3.2	Office utilities	570,000	120,376	449,624	21%
6.3.3	Operating costs	2,903,185	382,296	2,520,889	13%
6.3.4	Information and communication technology	7,983,667	3,025,396	4,958,271	38%
6.3.5	Depreciation	1,540,700	455,964	1,084,736	30%
	Subtotal: contractual services	19,597,659	4,716,930	14,880,729	24%
	Total	79,445,507	23,315,361	56,130,146	29%
6.4	Contingency	1,556,861	0	1,556,861	0%
	Grand total (1+2+3+4)	81,002,368	23,315,361	57,687,007	29%

Note: The expenses do not include committed contracts signed for consultants and professional services, which amount to approximately USD 8.8 million. If incorporated, the actual expenditure and commitments as at 31 May 2022 stand at 40 per cent.

^a Includes USD 1,602,438 approved by decision B.30/06 for salaries and emoluments in 2022. This consists of USD 2,088,966 for staff costs reduced by savings of USD 486,528 in consultants costs.

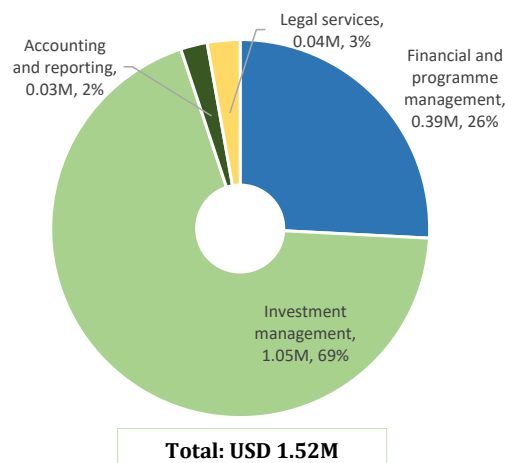
27. Total Secretariat expenditure for the period from 1 January to 31 May 2022 amounted to USD 23.3 million of the total budget of USD 81 million (29 per cent).
28. The following main points are noteworthy regarding Secretariat expenditure:
- (a) Total expenditure on full-time staff amounted to USD 16.8 million, or 31 per cent of the approved budget for 2022;
 - (b) The Secretariat has reviewed its organizational design to align it with the approved headcount of 300 positions by the end of 2022. As at 31 May 2022, the Secretariat had 221 staff of 69 different nationalities with a relatively fair gender balance;
 - (c) The main shortfall is related to the high percentage of turnover of 11 per cent from 1 January to 31 May 2022. An increase of up to 15 per cent is foreseen in turnover by July 2022;
 - (d) GCF officials are required to provide only 30 days' notice of their intention to resign. The average time to fill a position is 171 days (approximately six months) leaves a gap between the departure of an official to the onboarding of new staff;
 - (e) With the implementation of the Administrative Instruction on Recruitment, Selection, and Onboarding, the Office of Human Resources (OHR) is putting all its efforts into better streamlining the recruitment process and improving the efficiency of overall recruitment. The Talent and Acquisition team launched the first GCF Talent Pools and Batch Recruitment to recruit multiple positions simultaneously. The average time-to-fill ratio has significantly reduced from 221 days to 171 days, comparing the first quarters of 2021 and 2022;
 - (f) The Talent and Acquisition team increased its outreach through GCF career webinars, expanding the number of search firms and targeted sourcing on LinkedIn, which generated a response rate of over 53 per cent as at the first quarter of 2022. In addition, OHR is carrying out a social media campaign in partnership with the DEA communication team to promote GCF vacancies and build better employer branding. With these new talent acquisition strategies, the Secretariat expects to reach 90 per cent of the fill ratio by the end of the year advancing the capability review;
 - (g) There has been a continuous improvement in streamlining the GCF recruitment process. In terms of improving staff retention, OHR has several initiatives in place:
 - (i) Non-vacancy-driven promotions;
 - (ii) Vacancy-driven promotions;
 - (iii) Implementation of flexible working arrangements;
 - (iv) Increase in the number of learning and development activities;
 - (v) Improved management of performance evaluation;
 - (vi) Discussions around the salary scales;
 - (vii) Review of a set of benefits and allowances of great concern to staff; and
 - (viii) GCF Employee Value Proposition offers a unique opportunity to be part of the design and implementation of transformational projects and policies to combat climate change, which strengthens the level of organizational engagement;
 - (h) Consultancy costs amounted to USD 1.5 million, or 35 per cent of the approved budget for 2022. Many of the consultants are paid based on the timesheets submitted and are paid after month-end closure. If the timesheets are not submitted in a timely manner, the expenditure is reported in the subsequent months;

- (i) The cost of contractual services (including professional services, general operations, and information and communication technology) and depreciation was USD 4.7 million, or 24 per cent, against a budget of USD 19.6 million for 2022, which is within the approved budget. Contracts for services are in the pipeline and the expenses will pick up in the latter part of the year; and
- (j) The Board-approved contingency budget of USD 1,556,861 within the Secretariat budget remains unused. This was created to respond to both the mounting demands for adaptive actions related to coronavirus disease 2019 and the unknown risks created by the significant uncertainty surrounding the evolving pandemic. As at 31 May 2022 no expenses had been allocated to the contingency budget.

2.6 Trustee expenditure

29. The composition of the Trustee expenditure for the period from 1 January to 31 May 2022 is shown in figure 7.

Figure 7: Composition of Trustee expenditure for the period from 1 January to 31 May 2022 (in United States dollars)



30. Estimated costs for the Trustee services for the period from 1 January to 31 May 2022 are set out in table 7.

Table 7: Estimated Trustee expenditure for the period from 1 January to 31 May 2022 (in United States dollars)

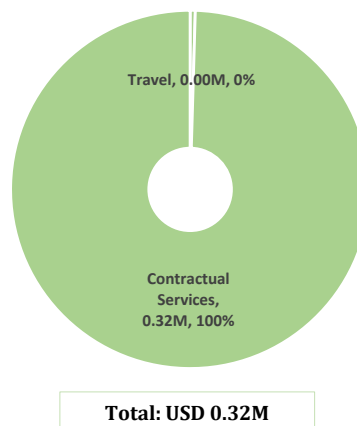
		2022 approved budget	Estimated expenditure to 31 May 2022	Balance	% spent
7.1	Financial and programme management	941,000	392,083	548,917	42%
7.2	Investment management	2,520,000	1,050,000	1,470,000	42%
7.3	Accounting and reporting	83,000	34,583	48,417	42%
7.4	Legal services	102,000	42,500	59,500	42%
	Grand total	3,646,000	1,519,167	2,126,833	42%

31. Costs and expenses for the Trustee services to GCF are based on the approved budget for the calendar year 2022. Cost estimates up to 31 May 2022 are based on a pro rata share of the approved amount for the year.

2.7 Multi-year budget for the second performance review of GCF

32. The composition of the second performance review expenditure for the period from 10 June 2021 to 31 May 2022 is shown in figure 8.

Figure 8: Composition of second performance review expenditure for the period from 10 June 2021 to 31 May 2022 (in United States dollars)



33. Detailed second performance review expenditure for the period from 10 June 2021 to 31 May 2022 is set out in table 8.

Table 8: Detailed second performance review expenditure for the period from 10 June 2021 to 31 May 2022 (in United States dollars)

		Approved budget	Actual expenditure to 31 May 2022	Balance	% spent
8.1	Travel				
8.1.1	General	325,000	1,506	323,494	0%
	Subtotal: travel	325,000	1,506	323,494	0%
8.2	Contractual services				
8.2.1	Legal and professional services	960,000	323,070	636,930	34%
8.2.2	Operating costs	30,000	200	29,800	1%
	Subtotal: contractual services	990,000	323,270	666,730	33%
	Grand total (1+2)	1,315,000	324,776	990,224	25%

Note: The expenses do not include committed contracts signed for professional services, which amount to approximately USD 0.5 million. If incorporated, the actual expenditure and commitments as at 31 May 2022 stand at 66 per cent.

2.8 Unutilized 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 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

35. The Budget Committee recommends that the Board take note of the report on the execution of the 2022 administrative budget of GCF as at 31 May 2022.
