

**GREEN
CLIMATE
FUND**

Meeting of the Board
17 – 20 October 2022
Incheon, Republic of Korea
Provisional agenda item 5(b)

GCF/B.34/Inf.14

28 September 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 August 2022 and the budget approved for the second performance review of GCF for the period from 10 June 2021 to 31 August 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 of 31 August 2022, total expenditure was USD 48.9 million against the annual budget of USD 100.7 million (49 per cent of the approved budget) and USD 0.3 million against the multi-year budget of USD 1.3 million for the second performance review (26 per cent of the approved budget). These figures do not include commitments, namely 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 52.7 million comprises USD 2.5 million for the Board, USD 6.2 million for the independent units, USD 41.9 million for the Secretariat, USD 1.2 million for the Trustee and USD 1million 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 August 2022. For the second performance review, the amounts reflect expenditure for the period from 10 June 2021 to 31 August 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 August 2022, the total expenditure for the Board, independent units, Secretariat and Trustee amounted to USD 48.9 million against a budget of USD 100.7 million (49 per cent). Of this figure, USD 2.3 million relates to the Board; USD 5.1 million to the independent units; USD 39.1 million to the Secretariat; and USD 2.4 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 August 2022 (in United States dollars)

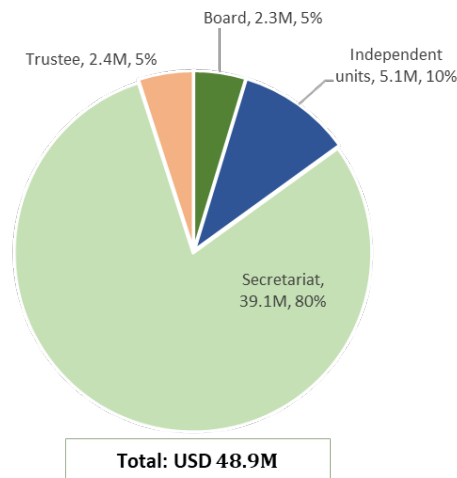


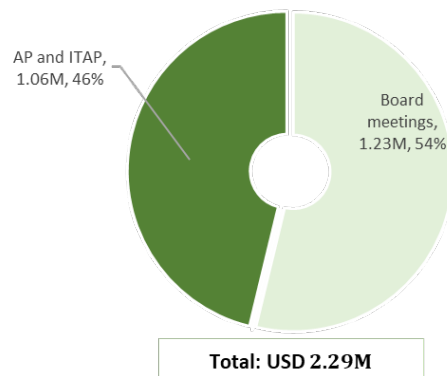
Table 1: Summary of annual budget and expenditure for the period from 1 January to 31 August 2022 (in United States dollars)

		2022 approved budget	Actual expenditure to 31 August 2022	Balance	% spent
A	Annual budgets				
A1	Board	4,767,656	2,294,686	2,472,970	48%
A2	Independent units	11,235,837	5,063,410	6,172,427	45%
A3	Secretariat	81,002,368	39,126,285	41,876,083	48%
A4	Trustee	3,646,000	2,430,666	1,215,334	67%
	Total: annual budgets	100,651,861	48,915,047	51,736,814	49%

2.3 Board expenditure

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

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



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

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

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

		2022 approved budget	Actual expenditure to 31 August 2022	Balance	% spent
2.1	Board meetings				
2.1.1	Board representative travel	1,188,537	353,036	835,501	30%
2.1.2	Venue and logistics	427,694	880,955	-453,261	206%
	Subtotal: Board meetings	1,616,231	1,233,991	382,240	76%
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	209,365	784,015	21%
2.3.4	Compensation of Board panels: independent Technical Advisory Panel	1,632,880	851,330	781,550	52%
	Subtotal: Board committees, panels and working groups	3,125,341	1,060,695	2,064,646	34%
	Grand total	4,767,656	2,294,686	2,472,970	48%

9. Total Board expenditure for the period from 1 January to 31 August 2022 amounted to USD 2.3 million, or 48 per cent of the total budget of USD 4.8 million.

10. The Board meeting expenditure of USD 1.2 million represents the costs of the thirty-second meeting of the Board, held in Antigua and Barbuda in May 2022, and the thirty-third meeting of the Board, held in Incheon in July 2022. The thirty-first meeting of the Board was held virtually; hence minimal costs were incurred.

11. The expenditure in the Board meetings travel and Venue 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 overall Board budget, the Secretariat will communicate with the Budget Committee in due time.

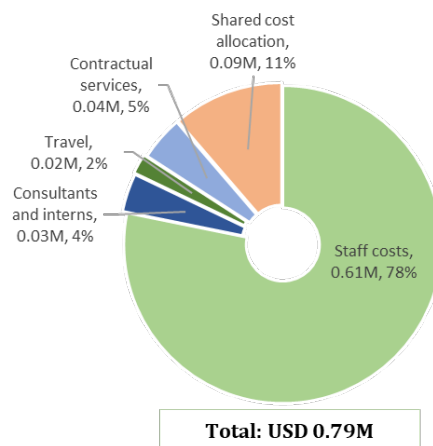
12. The USD 1.1 million spent on Board committees, panels and working groups comprises USD 0.9 million for compensation of the independent Technical Advisory Panel and USD 0.2 million for compensation of the Accreditation Panel. Due to the COVID-19 pandemic, the Board committees' travel budget remains unutilized.

2.4 Independent units expenditure

2.4.1 Independent Redress Mechanism expenditure

13. The composition of Independent Redress Mechanism (IRM) expenditure for the period from 1 January to 31 August 2022 is shown in figure 3.

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



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

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

		2022 approved budget	Actual expenditure to 31 August 2022	Balance	% spent
3.1	Staff, consultants and interns				
3.1.1	Full-time staff	1,095,945	614,461	481,484	56%
3.1.2	Consultants and interns	160,390	30,763	129,627	19%
	Subtotal: staff, consultants and interns	1,256,335	645,224	611,111	51%
3.2	Travel				
3.2.1	General	19,030	1,927	17,103	10%
3.2.2	Travel associated with complaints/requests	42,530	14,050	28,480	33%
	Subtotal: travel	61,560	15,977	45,583	26%
3.3	Contractual services				
3.3.1	Professional services	147,651	27,516	120,135	19%
3.3.2	Operating costs	29,900	8,232	21,668	28%
	Subtotal: contractual services	177,551	35,748	141,803	20%
	Total	1,495,446	696,949	798,497	47%
	Shared cost allocation	150,469	88,880	61,589	59%
	Grand total	1,645,915	785,829	860,086	48%

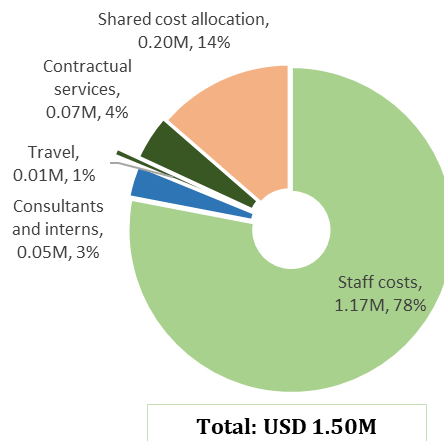
Note: The expenses do not include committed contracts signed for consultants and professional services, which amount to approximately USD 0.2 million. If incorporated, the actual expenditure and commitments as at 31 August 2022 stand at 62 per cent.

15. Actual expenditure for the IRM during the reporting period totalled USD 0.79 million against an approved 2022 annual budget of USD 1.6 million (48 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. The compliance investigation and problem-solving processes have been completed for the IRM's case regarding FP146, Nicaragua, but the expenses have yet to be included in this budget execution report. This spending is expected to be reflected in the next budget execution report
17. The IRM hired the Consensus Building Institute (CBI) to train the Grievance Redress Mechanisms (GRMs) of the GCF Direct Access Entities (DAEs) through one global workshop throughout June and one-on-one expert advice throughout the rest of 2022. The IRM has also hired a translation and interpretation firm to handle its translation and interpretation work more efficiently and expeditiously. In addition, the IRM has contracted two civil society organizations to assist with its outreach activities.
18. The shared recruitment of Procurement staff for independent units has not yet taken place. Thus, the shared cost allocation stands at 59 per cent, which is lower than the normal level expected at the end of August.

2.4.2 Independent Integrity Unit expenditure

19. The composition of Independent Integrity Unit (IIU) expenditure for the period from 1 January to 31 August 2022 is shown in figure 4.

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



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

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

		2022 approved budget	Actual expenditure to 31 August 2022	Balance	% spent
4.1	Staff, consultants and interns				
4.1.1	Full-time staff	2,413,515	1,167,318	1,246,197	48%
4.1.2	Consultants and interns	96,575	47,436	49,139	49%
	Subtotal: staff, consultants and interns	2,510,090	1,214,754	1,295,336	48%
4.2	Travel				
4.2.1	General	13,560	10,840	2,720	80%
	Subtotal: travel	13,560	10,840	2,720	80%
4.3	Contractual services				
4.3.1	Professional services	50,000	6,511	43,489	13%
4.3.2	Communication and outreach	7,000	6,430	570	92%
4.3.3	Other operating costs	43,300	-	43,300	0%
4.3.4	Information and communication technology	129,454	54,125	75,329	42%
	Subtotal: contractual services	229,754	67,066	162,688	29%
	Total	2,753,404	1,292,660	1,460,744	47%
4.4	Shared cost allocation	349,506	203,608	145,898	58%
	Grand total	3,102,910	1,496,268	1,606,642	48%

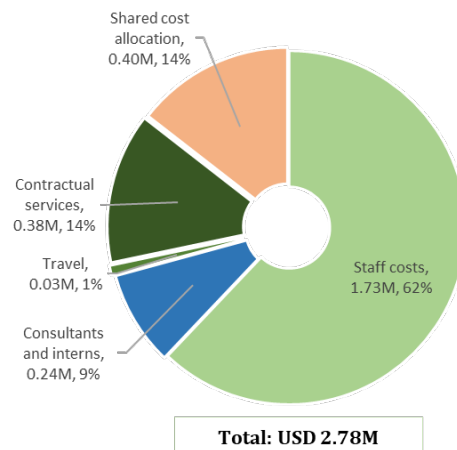
Note: The expenses do not include committed contracts signed for consultants and professional services, which amount to approximately USD 0.2 million. If incorporated, the actual expenditure and commitments as at 31 August 2022 stand at 56 per cent.

21. Actual expenditure for the IIU during the reporting period totalled USD 1.5 million against an approved 2022 annual budget of USD 3.1 million (48 per cent).
22. 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 more than previously anticipated as COVID-19 restrictions begin to ease. The IIU also intends to recruit new staff and engage the consultancies necessary to begin work on the upcoming proactive integrity reviews and analytics modules.

2.4.3 Independent Evaluation Unit expenditure

23. The composition of Independent Evaluation Unit (IEU) expenditure for the period from 1 January to 31 August 2022 is shown in figure 5.

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



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

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

		2022 approved budget	Actual expenditure to 31 August 2022	Balance	% spent
5.1	Staff, consultants and interns				
5.1.1	Full-time staff	3,640,213	1,726,862	1,913,351	47%
5.1.2	Consultants and interns	504,875	241,769	263,106	48%
	Subtotal: staff, consultants and interns	4,145,088	1,968,631	2,176,457	47%
5.2	Travel				
5.2.1	General	218,915	25,908	193,007	12%
	Subtotal: travel	218,915	25,908	193,007	12%
5.3	Contractual services				
5.3.1	Legal and professional services	1,386,000	368,537	1,017,463	27%
5.3.2	Operating costs	46,500	15,061	31,439	32%
	Subtotal: contractual services	1,432,500	383,598	1,048,902	27%
	Total	5,796,503	2,378,137	3,418,367	41%
	Shared cost allocation	690,509	403,176	287,333	58%
	Grand total	6,487,012	2,781,313	3,705,700	43%

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 August 2022 stand at 60 per cent.

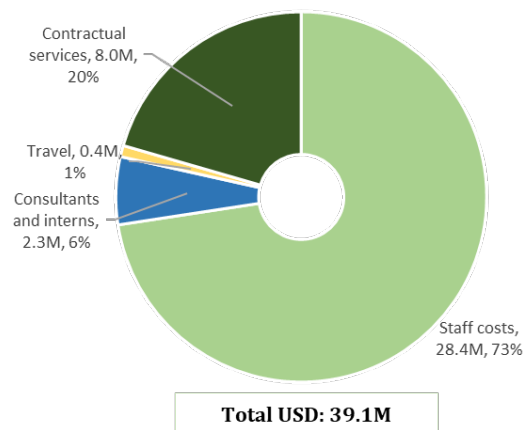
25. Actual expenditure for the IEU during the reporting period totalled USD 2.78 million against an approved 2022 annual budget of USD 6.5 million (43 per cent).

26. As has been experienced in the past, greater execution of the budget is expected in the last quarter of the year, including payments to vendors or contractors and COP related travel expenses. Also, after the departure of some HQ-based consultants and staff members, IEU procured three individual consultants in August to provide technical support to ongoing evaluations.

2.5 Secretariat expenditure

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

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



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

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

		2022 approved budget	Actual expenditure to 31 August 2022	Balance	% spent
6.1	Staff, consultants and interns				
6.1.1	Full-time staff ^a	53,616,786	28,399,915	25,216,871	53%
6.1.2	Consultants and interns ^a	4,366,268	2,313,758	2,052,510	53%
	Subtotal: staff, consultants and interns	57,983,054	30,713,673	27,269,381	53%
6.2	Travel				
6.2.1	General	1,609,794	236,656	1,373,138	15%
6.2.2	Staff travel to Board meeting	255,000	144,636	110,364	57%
	Subtotal: travel	1,864,794	381,292	1,483,502	20%
6.3	Contractual services				
6.3.1	Professional services	6,600,107	2,029,321	4,570,786	31%
6.3.2	Office utilities	570,000	161,532	408,468	28%
6.3.3	Operating costs	2,903,185	671,256	2,231,929	23%
6.3.4	Information and communication technology	7,983,667	4,537,512	3,446,155	57%
6.3.5	Depreciation	1,540,700	631,699	909,001	41%
	Subtotal: contractual services	19,597,659	8,031,320	11,566,339	41%
	Total	79,445,507	39,126,285	40,319,222	49%
6.4	Contingency	1,556,861	0	1,556,861	0%
	Grand total	81,002,368	39,126,285	41,876,083	48%

Note: The expenses do not include committed contracts signed for consultants and professional services, which amount to approximately USD 24.5 million. If incorporated, the actual expenditure and commitments as at 31 August 2022 stand at 78 per cent.

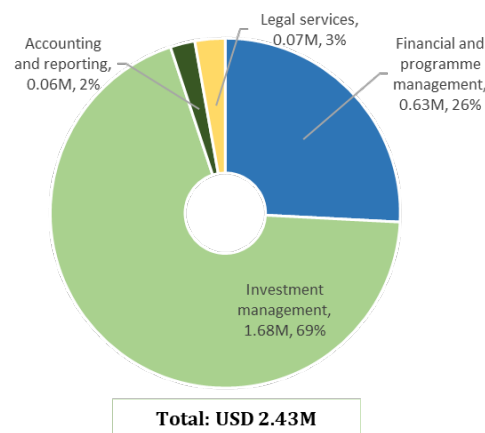
^a Includes USD 1,602,438 approved by decision B.30/06 for salaries and emoluments in 2022. This consists of USD 2,088,966 for staff costs reduced by savings of USD 486,528 in consultant costs.

29. Total Secretariat expenditure for the period from 1 January to 31 August 2022 amounted to USD 39.1 million of the total budget of USD 81 million (48 per cent).
30. The following main points are noteworthy regarding Secretariat expenditure:
- (a) Total expenditure on full-time staff amounts to USD 28.4 million, or 53 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. From January 2022 to July 2022 an average of 218 staff were on the payroll for the Secretariat compared with 253 estimated in the 2022 approved budget;
 - (b) As a result of recruiting challenges, the GCF Secretariat staff headcount continues to be below the level approved by the Board. In addition, in line with the global trend, turnover has increased over 2021. The Secretariat hired 37 new staff as of August 2022. However, due to this increased turnover, there have been 38 resignations;
 - (c) Consultancy costs amounted to USD 2.3 million, or 53 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;
 - (d) The cost of contractual services (including professional services, general operations, and information and communication technology) and depreciation was USD 8.0 million, or 41 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
 - (e) 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 COVID-19 and the unknown risks created by the significant uncertainty surrounding the evolving pandemic. As of 31 August 2022, no expenses had been allocated to the contingency budget.

2.6 Trustee expenditure

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

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



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

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

		2022 approved budget	Estimated expenditure to 31 August 2022	Balance	% spent
7.1	Financial and programme management	941,000	627,333	313,667	67%
7.2	Investment management	2,520,000	1,680,000	840,000	67%
7.3	Accounting and reporting	83,000	55,333	27,667	67%
7.4	Legal services	102,000	68,000	34,000	67%
	Grand total	3,646,000	2,430,666	1,215,334	67%

33. 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 August 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

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

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



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

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

		Approved budget	Actual expenditure to 31 August 2022	Balance	% spent
8.1	Travel				
8.1.1	General	325,000	12,455	312,545	4%
	Subtotal: travel	325,000	12,455	312,545	4%
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	217	29,783	1%
	Subtotal: contractual services	990,000	323,287	666,713	33%
	Grand total	1,315,000	335,742	979,258	26%

Note: The expenses do not include committed contracts signed for professional services, which amount to approximately USD 0.6 million. If incorporated, the actual expenditure and commitments as of 31 August 2022 stand at 71 per cent.

2.8 Unutilized budget

36. 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

37. 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 August 2022.
