

**GREEN
CLIMATE
FUND**

Meeting of the Board
13 – 16 March 2023
Songdo, Incheon, Republic of Korea
Provisional agenda item 5

GCF/B.35/Inf.15/Add.01/Rev.01

13 March 2023

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 December 2022 and the budget approved for the second performance review of GCF for the period from 10 June 2021 to 31 December 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 December 2022, total expenditure was USD 82.5 million against the annual budget of USD 99.1 million (83 per cent of the approved budget) and USD 0.6 million against the multi-year budget of USD 1.3 million for the second performance review (49 per cent of the approved budget).

The unutilized budget of USD 17.5 million comprises USD 1.2 million for the Board, USD 1.6 million for the independent units, USD 14 million for the Secretariat, and USD 0.7 million for the second performance review.

The Trustee utilized USD 0.2 million more than the budget allocated to them for 2022 since the actual average annual cash balance was higher than the estimated average cash balance at the time the budget was prepared in 2021. The Trustee applies an investment management fees of 45 basis points to the average annual cash balance.

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 from 1 January to 31 December 2022. For the second performance review (SPR), the amounts reflect expenditure for the period from 10 June 2021 to 31 December 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 period from 1 January to 31 December 2022 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);
- (b) USD 3,102,910 under decision B.30/09 for the Independent Integrity Unit (IIU); and
- (c) USD 6,487,012 under decision B.30/10 for the Independent Evaluation Unit (IEU).

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

2.2 Summary of expenditure

6. From 1 January to 31 December 2022, the total expenditure for the Board, independent units, Secretariat and Trustee amounted to USD 82.5 million against a budget of USD 99.1 million (83 per cent). Of this figure, USD 3.6 million relates to the Board; USD 9.7 million to the independent units; USD 65.4 million to the Secretariat; and USD 3.9 million to the Trustee¹ (as shown 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 December 2022
(in United States dollars)**

Abbreviation: M = million

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

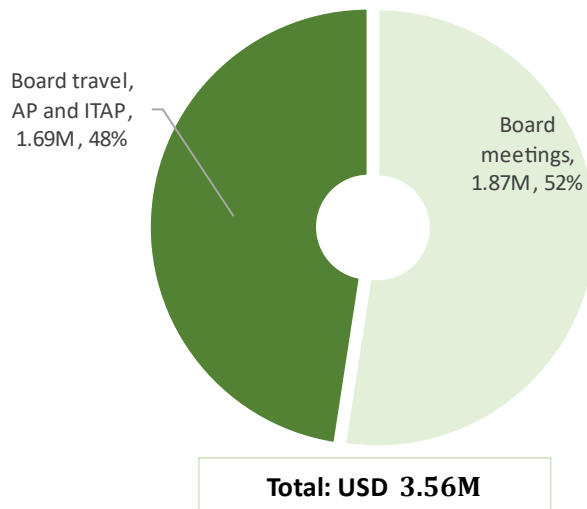
		2022 approved budget	Actual expenditure to 31 December 2022	Balance	% spent
A	Annual budgets				
A1	Board	4,767,656	3,560,894	1,206,762	75%
A2	Independent units	11,235,837	9,667,894	1,567,943	86%
A3	Secretariat	79,445,507	65,429,765	14,015,742	82%
A4	Trustee	3,646,000	3,867,000	-221,000	106%
	Total	99,095,000	82,525,553	16,569,447	83%

Note: The execution above for Secretariat does not include a contingency budget equal to 2 per cent of the administrative budget of the Secretariat (USD 1,556,861), which was not utilized in 2022.

2.3 Board expenditure

7. The composition of Board expenditure from 1 January to 31 December 2022 is shown in figure 2.

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



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

8. Detailed Board expenditure from 1 January to 31 December 2022 is set out in table 2.

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

		2022 approved budget	Actual expenditure to 31 December 2022	Balance	% spent
2.1	Board meetings				
2.1.1	Board representative travel	1,188,537	432,512	756,025	36%
2.1.2	Venue and logistics	427,694	1,434,324	-1,006,630	335%
	Subtotal	1,616,231	1,866,836	-250,605	116%
2.2	Co-Chair and Board representative travel				
2.2.1	Co-Chair and Board representative travel	26,084	0	26,084	0%
	Subtotal	26,084	0	26,084	0%
2.3	Board committees, panels and working groups				
2.3.1	Board representative travel	487,488	67,144	420,344	14%
2.3.2	Venue and logistics	11,593	0	11,593	0%
2.3.3	Compensation of Board panels: Accreditation Panel	993,380	362,720	630,660	37%
2.3.4	Compensation of Board panels: independent Technical Advisory Panel	1,632,880	1,264,194	368,686	77%
	Subtotal	3,125,341	1,694,058	1,431,283	54%
	Grand total	4,767,656	3,560,894	1,206,762	75%

9. Total Board expenditure from 1 January to 31 December 2022 amounted to USD 3.6 million, or 75 per cent of the total budget of USD 4.8 million.

10. The Board meeting expenditure of USD 1.9 million represents the costs of the thirty-second meeting of the Board, held in Antigua and Barbuda in May 2022, the thirty-third meeting of the Board and the thirty-fourth meeting of the Board, both held in Incheon in July and in October 2022, respectively.

11. The expenditure in the Board meeting travel and venue and logistics budget lines depends on the modality, location and venue of the Board meeting and the arrangement with the host country. Unlike previous meetings that were held within GCF premises, resulting in savings in venue costs, the meetings in 2022 were held outside GCF premises, resulting in USD 1 million more than had been budgeted. However, savings from the budget lines for travel and Board committees, panels and working groups helped cover the overspending for venue and logistics.

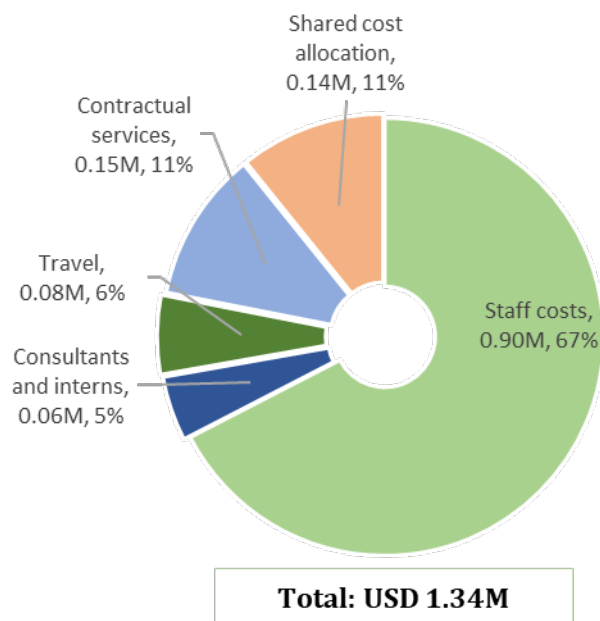
12. The USD 1.7 million spent on Board committees, panels and working groups comprises USD 1.3 million for the compensation of the independent Technical Advisory Panel and USD 0.4 million for the compensation of the Accreditation Panel. Due to the COVID-19 pandemic, the Board committees had fewer travels, hence the low execution of their travel budget.

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 December 2022 is shown in figure 3.

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



Abbreviation: M = million

14. Detailed IRM expenditure from 1 January to 31 December 2022 is shown in table 3.

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

		2022 approved budget	Actual expenditure to 31 December 2022	Balance	% spent
3.1	Staff, consultants and interns				
3.1.1	Full-time staff	1,095,945	902,254	193,691	82%
3.1.2	Consultants and interns	160,390	64,207	96,183	40%
	Subtotal	1,256,335	966,461	289,875	77%
3.2	Travel				
3.2.1	General	19,030	53,452	-34,422	281%
3.2.2	Travel associated with complaints/requests	42,530	24,959	17,571	59%
	Subtotal	61,560	78,411	-16,851	127%
3.3	Contractual services				

		2022 approved budget	Actual expenditure to 31 December 2022	Balance	% spent
3.3.1	Professional services	147,651	134,182	13,469	91%
3.3.2	Operating costs	29,900	14,715	15,185	49%
	Subtotal	177,551	148,898	28,654	84%
	Total	1,495,446	1,193,770	301,676	80%
	Shared cost allocation	150,469	144,430	6,039	96%
	Grand total	1,645,915	1,338,200	307,715	81%

15. Actual expenditure for the IRM during the reporting period totalled USD 1.34 million against an approved 2022 annual budget of USD 1.65 million (81 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 that would be incurred only if complaints or reconsideration requests are received by the IRM.

16. Demand-driven costs refer to travel, consultancy and other operating costs that are case-related. In 2022, the IRM case regarding FP146 (Nicaragua) necessitated some travel and the hiring of a mediator and subject experts. Some of the operating costs budget was spent to cover the expenses related to venue hire and stakeholder participation during the complaints handling process.

17. In 2022, the IRM attended a few international meetings including B.32, the 2022 United Nations Climate Change Conference (COP27) and the Independent Accountability Mechanisms network (IAMnet) annual meeting. The participation of the IRM in the IAMnet meeting was deemed crucial given the transition period of the IRM; the necessity to share and learn emerging and best practices in the IRM portfolio or work; and the importance of re-establishing connections with the focal points of other IAMs in person, following two years of virtual meetings due to COVID-19.

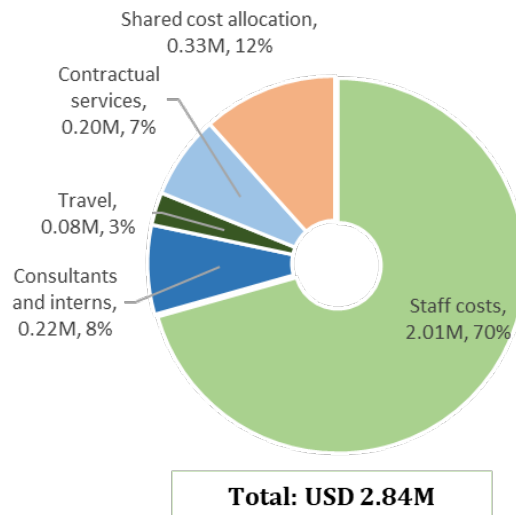
18. In the past, the IRM had hired individual language consultants for its ad hoc translation and interpretation requirements. In 2022, the IRM contracted a translation and interpretation firm to ensure the quality and consistency of the translation and interpretation provided and to reduce the administrative burden of having to repeatedly hire translators and interpreters throughout the year.

19. The IRM hired the Consensus Building Institute to train the grievance redress mechanisms of the direct access entities of GCF through one global workshop, two company-community mediation trainings and one-on-one expert advice. The IRM also contracted two civil society organizations to assist with its outreach activities. In addition, the IRM used the services of Future by Design to design its 2021 annual report and the new board game “road to redress”.

2.4.2 Independent Integrity Unit expenditure

20. The composition of IIU expenditure from 1 January to 31 December 2022 is shown in figure 4.

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



Abbreviation: M = million

21. Detailed IIU expenditure from 1 January to 31 December 2022 is outlined in table 4.

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

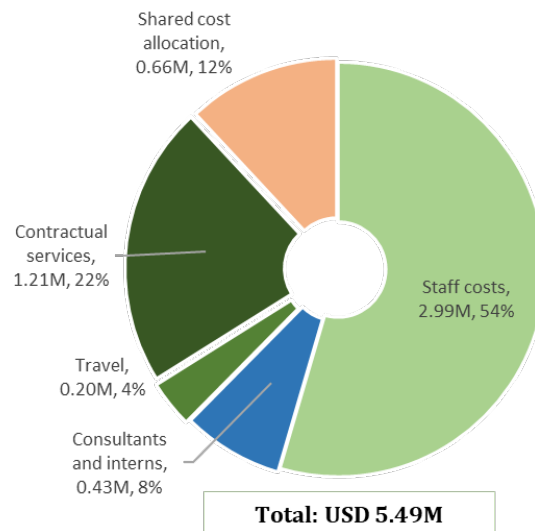
		2022 approved budget	Actual expenditure to 31 December 2022	Balance	% spent
4.1	Staff, consultants and interns				
4.1.1	Full-time staff	2,413,515	2,005,304	408,211	83%
4.1.2	Consultants and interns	96,575	218,888	-122,313	227%
	Subtotal	2,510,090	2,224,192	285,898	89%
4.2	Travel				
4.2.1	General	13,560	80,365	-66,805	593%
	Subtotal	13,560	80,365	-66,805	593%
4.3	Contractual services				
4.3.1	Professional services	50,000	106,511	-56,511	213%
4.3.2	Communication and outreach	7,000	10,398	-3,398	149%
4.3.3	Other operating costs	43,300	1,594	41,706	4%
4.3.4	Information and communication technology (ICT)	129,454	85,931	43,523	66%
	Subtotal	229,754	204,434	25,320	89%
	Total	2,753,404	2,508,991	244,413	91%
	Shared cost allocation	349,506	330,863	18,643	95%
	Grand total	3,102,910	2,839,854	263,056	92%

22. By year end 2022, the IIU budget utilization rate was 92 per cent following the implementation of its 2022 work programme. Table 4 illustrates the full budget execution of the IIU, including specific budget lines, for the year 2022.
23. Notwithstanding the gradual easing of COVID-19 restrictions worldwide, the ongoing international public health crisis has continued to impact IIU activities and programmes, specifically the implementation of outreach and capacity-building initiatives. The Unit's budget execution in 2022 nonetheless demonstrates its commitment to effecting its mandate in the midst of COVID-19 pandemic limitations and considerations.
24. The IIU continued to build its staff capacity, with recruitment progressing significantly, albeit in the latter part of 2022. This resulted in the engagement of individual consultancy services in the first half of the year to help meet requirements in the short term. Moreover, the IIU participated in the GCF Internship Programme for the first time, with the first cohort of interns onboarded in July 2022.
25. In 2022, the IIU observed an increase in the utilization of its travel budget line as in-person engagements resumed with the easing of restrictions. This enabled the IIU to partially operationalize its in-person outreach activities and strategically represent the Unit in select forums, including the thirty-second meeting of the Board in Antigua, the 22nd Conference of International Investigators in Luxembourg, and COP27 in Sharm El-Sheikh, among others.
26. The IIU also observed a significant increase in the execution of its professional services budget line. This is due to the engagement of a consulting firm to provide technical services for the implementation of the pilot Proactive Integrity Reviews conducted by the IIU in 2022. The IIU has established a roster of subject experts to support the implementation of its Proactive Integrity Reviews, a regular component of the Unit's annual work programme.
27. In terms of the increase in the communication and outreach budget line, the IIU upscaled its online capabilities to support awareness raising and communication initiatives in 2022. The Unit organized a series of communications-related campaigns and heavily relied on remote modalities. The IIU procured media production services for its communication/outreach requirements, and invested in technical implementations, virtual environments and hybrid modalities to ensure continued performance of its overall mandate.
28. The IIU continued to invest in innovation in risk detection and mitigation by developing and enhancing its analytics capabilities and the Integrity Due Diligence Platform. The ICT budget line was utilized to procure specialized investigations software and tools that support IIU data analytics and intelligent automation work.
29. The shared cost allocation budget line includes shared costs as determined by the Secretariat and in consultation with the independent units. These shared costs, relative to the staff headcount, include allocations for standard ICT services and business applications, standard office equipment, general utility costs and supplies, applicable insurances, and depreciation.

2.4.3 Independent Evaluation Unit expenditure

30. The composition of IEU expenditure from 1 January to 31 December 2022 is shown in figure 5.

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



Abbreviation: M = million

31. Detailed IEU expenditure from 1 January to 31 December 2022 is outlined in table 5.

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

		2022 approved budget	Actual expenditure to 31 December 2022	Balance	% spent
5.1	Staff, consultants and interns				
5.1.1	Full-time staff	3,640,213	2,994,182	646,031	82%
5.1.2	Consultants and interns	504,875	432,059	72,816	86%
	Subtotal	4,145,088	3,426,241	718,847	83%
5.2	Travel				
5.2.1	General	218,915	201,823	17,092	92%
	Subtotal	218,915	201,823	17,092	92%
5.3	Contractual services				
5.3.1	Legal and professional services	1,386,000	1,150,032	235,968	83%
5.3.2	Operating costs	46,500	56,581	-10,081	122%
	Subtotal	1,432,500	1,206,613	225,887	84%
	Total	5,796,503	4,834,677	961,826	83%
	Shared cost allocation	690,509	655,161	35,348	95%
	Grand total	6,487,012	5,489,838	997,174	85%

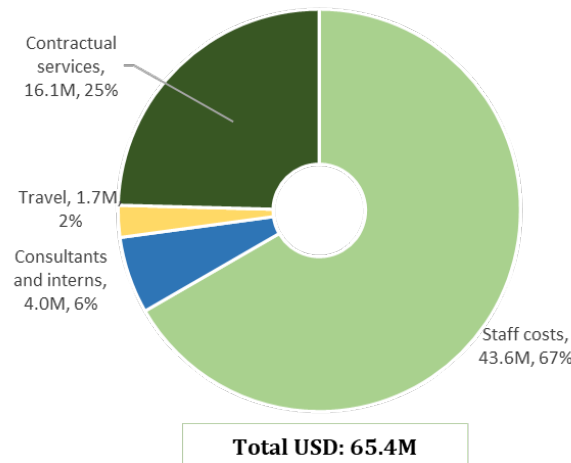
Note: The execution report above does not include the SPR expenses. The evaluation has a separate budget line.

32. The actual expenditure of the IEU for the reporting period amounted to USD 5.49 million against an approved 2022 annual budget of USD 6.5 million (85 per cent).
33. Travel costs totalled 92 per cent of the approved budget as COVID-19 restrictions eased and the IEU resumed travel in 2022.
34. Despite the recruitment challenges, the IEU successfully hired five key staff positions, increasing the full-time staff headcount to 16.
35. In 2022, the IEU delivered two evaluations from its core budget—the Independent Evaluation of the Relevance and Effectiveness of the GCF’s Investments in the African States and the Independent Synthesis of Direct Access in the Green Climate Fund—in addition to the Learning-Oriented Real-Time Impact Assessment programme, which is a rolling evaluation. These evaluations were supported by individual consultants and professional firms along with IEU staff members.

2.5 Secretariat expenditure

36. The composition of Secretariat expenditure from 1 January to 31 December 2022 is shown in figure 6.

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



Abbreviation: M = million

37. Detailed Secretariat expenditure from 1 January to 31 December 2022 is set out in table 6.

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

		2022 approved budget	Actual expenditure to 31 December 2022	Balance	% spent
6.1	Staff, consultants and interns				
6.1.1	Full-time staff ^a	53,616,786	43,621,160	9,995,626	81%
6.1.2	Consultants and interns ^a	4,366,268	4,044,596	321,672	93%
	Subtotal	57,983,054	47,665,756	10,317,298	82%
6.2	Travel				
6.2.1	General	1,609,794	1,422,216	187,578	88%
6.2.2	Staff travel to Board meeting	255,000	254,573	427	100%
	Subtotal	1,864,794	1,676,789	188,005	90%
6.3	Contractual services				
6.3.1	Professional services	6,600,107	5,762,441	837,666	87%
6.3.2	Office utilities	570,000	285,301	284,699	50%
6.3.3	Operating costs	2,903,185	1,773,279	1,129,906	61%
6.3.4	Information and communication technology	7,983,667	7,227,141	756,526	91%
6.3.5	Depreciation	1,540,700	1,039,058	501,642	67%
	Subtotal	19,597,659	16,087,220	3,510,439	82%
	Grand total	79,445,507	65,429,765	14,015,742	82%

^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.

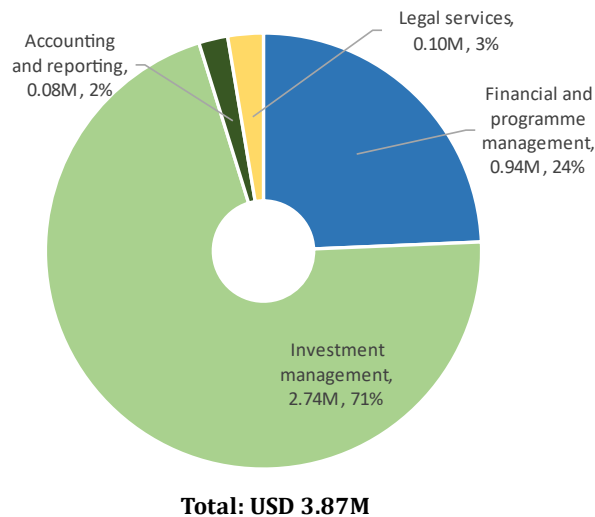
Note: The execution above for Secretariat does not include a contingency budget equal to 2 per cent of the administrative budget of the Secretariat (USD 1,556,861), which was not utilized in 2022.

38. Total Secretariat expenditure from 1 January to 31 December 2022 amounted to USD 65.4 million of the total budget of USD 81 million (81 per cent).
39. The following main points are noteworthy regarding Secretariat expenditure:
- (a) Total expenditure on full-time staff amounts to USD 43.6 million, or 81 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 December 2022 an average of 221 staff (227 staff as of December 2022) 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. Although the Secretariat hired 63 new staff as of December 2022, the turnover increased to 19% resulting in 44 resignations. Recruiting efforts have improved. The number of offers per month doubled in Q4 of 2022 and has continued in January and February of 2023. The headcount as of February 2023 for the secretariat is 250. In addition, there are 14 accepted offers;
 - (c) Consultancy costs amounted to USD 4 million, or 93 per cent of the approved budget for 2022. The Secretariat upheld its commitment to reduce consultancy costs as new staff were hired by keeping the consultancy expenditure below the Board-approved amount;
 - (d) The cost of contractual services (including professional services, general operations, and information and communication technology) and depreciation was USD 16.1 million (82 per cent) against a budget of USD 19.6 million for 2022, which is within the approved budget; 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 December 2022, no expenses had been allocated to the contingency budget.

2.6 Trustee expenditure

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

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



Abbreviation: M = million

41. Actual costs for the Trustee services from 1 January to 31 December 2022 are set out in table 7.

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

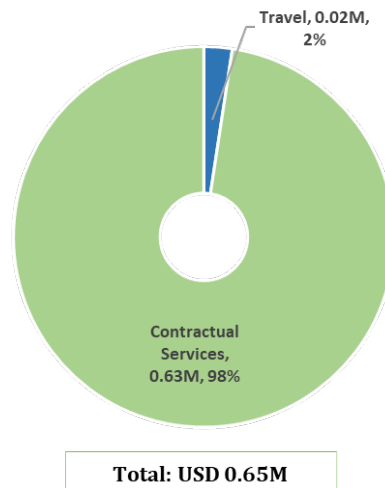
		2022 approved budget	Actual expenditure to 31 December 2022	Balance	% spent
7.1	Financial and programme management	941,000	941,000	0	100%
7.2	Investment management	2,520,000	2,741,000	-221,000	109%
7.3	Accounting and reporting	83,000	83,000	0	100%
7.4	Legal services	102,000	102,000	0	100%
	Total	3,646,000	3,867,000	-221,000	106%

42. Total Trustee expenditure from 1 January to 31 December 2022 amounted to USD 3.9 million of the total budget of USD 3.6 million (106 per cent). The Trustee utilized USD 0.2 million more than the budget allocated for 2022 since the actual average annual cash balance was higher than the estimated average cash balance at the time the budget was prepared in 2021. The Trustee applies an investment management fee of 45 basis points to the average annual cash balance.

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

43. The composition of the SPR expenditure for the period from 10 June 2021 to 31 December 2022 is shown in figure 8.

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



Abbreviation: M = million

44. Detailed SPR expenditure from 10 June 2021 to 31 December 2022 is set out in table 8.

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

		Approved budget	Actual expenditure to 31 December 2022	Balance	% spent
8.1	Travel				
8.1.1	General	325,000	15,555	309,445	5%
	Subtotal	325,000	15,555	309,445	5%
8.2	Contractual services				
8.2.1	Legal and professional services	960,000	632,661	327,339	66%
8.2.2	Operating costs	30,000	265	29,735	1%
	Subtotal	990,000	632,926	357,074	64%
	Grand total	1,315,000	648,481	666,519	49%

Note: The SPR budget is a multi-year budget from June 2021 to December 2023.

45. The SPR execution rate as of 31 December 2022 was 49 per cent of the approved budget of USD 1,315,000. Utilization of this budget is expected to continue in 2023.

46. In 2022, the IEU submitted four deliverables relating to the SPR, namely an approach paper, a rapid assessment of the progress of the GCF Updated Strategic Plan, a synthesis study and a summary report.

2.8 Unutilized budget

47. The GCF Secretariat requests the funds from the Trustee on a need basis as opposed to a lump-sum request for the amounts approved for the administrative budget. Except for the SPR, which is a multi-year budget, the unutilized budget for 2022 will not be carried over to 2023. This has been a consistent practice over the previous years.

III. Recommendation by the Budget Committee

48. The report was reviewed and cleared by the Budget Committee on 8 March 2023.
