



Date: 29 February 2012
Reference: CF/MB/HW/tj
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Further to the messages sent on 22 December 2011 and 7 February 2012 relating to the launching of the Green Climate Fund, we are pleased to forward the attached Information Note on further issues concerning the Fund.

Yours sincerely,

(Signed by)

Christiania Figueres

(Signed by)

Monique Barbut

Distribution:

To Parties to the UNFCCC through National Focal Points for climate change
Permanent Representatives to the United Nations in New York
Operational and political focal points of the Global Environment Facility
Ministries of Finance



Date: 29 February 2012

INFORMATION NOTE

Estimated budget for the start-up of the Green Climate Fund

Following the information notes sent on 21 December 2011 and 7 February 2012 regarding issues related to the launching of the Green Climate Fund, further work has been undertaken on the staffing arrangements and budget for the Board and the Interim Secretariat, covering the start-up phase of 1 January to 30 June 2012 and the subsequent 12-month period from July 2012 to June 2013. An estimate of costs for the interim trustee arrangements is also presented.

Budget for the start-up phase (1 January to 30 June 2012)

The start-up phase encompassing the establishment and initial operations of the Interim Secretariat covers the first six months of 2012. The budgetary needs have been assessed on the basis of work expected to support the Board during its first and second meetings. This also includes the necessary substantive and administrative preparatory arrangements to be made for the phase of full operations and takes into account that the Board may want to expedite work to ensure rapid operationalization of the Fund.

In order to move quickly in establishing the Interim Secretariat as an autonomous unit, the secretariats of the United Nations Framework Convention on Climate Change (UNFCCC) and the Global Environment Facility (GEF) have assigned staff to work in the Interim Secretariat and are providing additional support from among their staff. Further staff and consultants would be recruited as necessary, including through possible reimbursable secondments, to bring the required capacity and expertise into the Interim Secretariat.

It is expected that the first Board meeting would mainly be organizational in nature while already embarking on a substantive consideration of its work plan. The second meeting of the Board would then start deliberations on the policies, guidelines and procedures for the Fund pursuant to the direction given in the Governing Instrument. Given the time required to make the necessary arrangements, including staffing arrangements, the resource considerations for the start-up phase include some preparatory activities to ensure that the Interim Secretariat can respond expeditiously and effectively to Board requests for substantive support. Based on this understanding, the table below presents an initial assessment of the costs associated with expected work in the initial set-up phase.

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Activities	Estimated Cost (USD)
Arrangements for substantive preparations of the first Board meeting <ul style="list-style-type: none"> ○ Initial staffing of the Interim Secretariat: full- and part-time ○ Cross-support from the secretariats of the UNFCCC and the GEF ○ Consultants 	527,000
Cost related to organizing Board and other meetings	440,000
Administrative and support costs	23,000
GRAND TOTAL	990,000

Budget for the subsequent 12-month period (1 July 2012 to 30 June 2013)

The second phase will start as of 1 July 2012. A preliminary twelve-month budget has been estimated based on the expected work as the Interim Secretariat moves into full operations. This is, however, indicative and will be adjusted in light of direction given by the Board at its first meeting.

The staffing and other costs will depend on the timeframe for implementing the work expected during this period. The Board would be able to complete its tasks by the end of June 2013 if it has at its service a strong secretariat encompassing core staff with the relevant expertise to lead work on each area and a budget to allow hiring additional consultants to perform a large amount of work in a short period of time. This would also need to cover the consultations and outreach to stakeholders that are necessary to ensure work of the highest quality. Based on this understanding, the table below presents an initial assessment of the costs associated with expected activities of the Board and the work of the Interim Secretariat during the phase of full operations.

Activities	Estimated Cost (USD)
Preparation of policy documents for the Board: <ul style="list-style-type: none"> ○ Basic policies and programming approach ○ Policies on financial instruments ○ Policies related to the accountability framework ○ Management policies ○ Other administrative policies 	2,606,000
Cost related to organizing Board and other meetings	1,525,000
Administrative and support costs	496,000
GRAND TOTAL	4,628,000

It should be emphasized that the budget is tentative and subject to the approval by the Board of the work planned. Upon approval by the Board and subject to availability of resources, the Interim Secretariat will proceed with the recruitment of staff with the view to be fully staffed and operational by November 2012.

Interim trustee cost estimates (up to 30 June 2013)

The World Bank is currently taking steps in response to the request to the Bank to serve as interim trustee and has also provided the following indicative estimate of the costs to provide interim trustee services up to 30 June 2012. As with the budgets provided above, these costs estimates are initial estimates and are subject to revision once the trustee's roles and responsibilities have been clarified and agreed with the GCF Board.

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Activities	Estimated cost (USD)
Trustee Service:	
○ Financial and programme management	475,000
○ Investment management	88,000
○ Accounting and reporting	74,000
○ Legal services	365,000
○ IT systems ¹	30,000
○ Non-core central unit fee	81,000
GRAND TOTAL	1,113,000

SUMMARY

The total indicative budget estimate covering the expected work of the Interim Secretariat, including the activities of the Board, and the interim trustee costs is shown below.

Total indicative budget estimate for the Interim Secretariat, including activities of the Board, and the Interim Trustee

	Estimated cost (USD)
<i>Interim Secretariat, including activities of the Board</i>	
Start-up Phase: January 2012 – June 2012	990,000
Full Operations: July 2012 – June 2013	4,628,000
Total Interim Secretariat: January 2012 – June 2013	5,618,000
<i>Interim Trustee</i>	
Start-up to June 2013	1,113,000
TOTAL	6,731,000

Financing the start-up

As per decision 3/CP.17 of the Conference of the Parties to the UNFCCC on the Green Climate Fund, Governments are invited to make financial contributions for the start-up of the Green Climate Fund, including to cover the administrative costs of the Board and its Interim Secretariat.

It has to be emphasized that the budgets reflected in this information note are very much subject to change as the work of the Board intensifies and any changes to the estimated costs will be made known to Parties at the appropriate time.

For any question or request for further information, please contact the Interim Secretariat of the Green Climate Fund at: GCF-IntSec@unfccc.int.²

¹ To be determined based on GCF design.

² Please note that this is an initial e-mail address which will be replaced once a dedicated internet domain has been created for the GCF.