



Global Green Growth Institute
 12th Session of the Assembly and
 16th Session of the Council (Joint Session)
 October 9-20, 2023 | E-Consultations
 October 26, 2023 | Hybrid Meeting
 Hybrid Meeting Agenda #4

Update on the 2023 Operational Budget and Draft 2024 Operational Budget

PURPOSE/ACTION REQUIRED

Members of the MPSC will be invited to (please tick the relevant boxes and type in the details):

<input checked="" type="checkbox"/> Take note of the Update on the 2023 Operational Budget and Draft 2024 Operational Budget	<input type="checkbox"/> Discuss and provide feedback
<input type="checkbox"/> Endorse and recommend to Council	<input type="checkbox"/> Other (please specify)

CONTEXT/BACKGROUND

The 2023 GGGI Operating Budget is based on the 2023-2024 Work Program & Budget (WPB) approved by the GGGI Council on 27 October 2022. The approved WPB set out three budget scenarios: The Base Scenario; the Base Scenario with Core Replenishment and the Plus Scenario.

SUMMARY

Update on 2023 Operational Budget

At its meeting on December 6, 2022, the GGGI Management Team (MT) approved a two-budget scenario comprising a **Base Scenario** and a **Plus Scenario**.

The **Base Scenario** comprises core allocations of USD 20.1 million, program earmarked of USD 9.4 million, and project earmarked as contained in the Council approved WPB base case scenario of USD 51.5 million. These total USD 81 million.

The **Plus Scenario** differs from the base scenario only in the estimation of project earmarked funding. The plus scenario budget is based on estimates received from countries/units of likely project earmarked funding. Thus, it comprises core allocations of USD 20.1 million, program earmarked of USD 9.4 million, and project earmarked of USD 70.7 million. These total USD 100.2 million. The plus scenario budget is an aspirational budget based on aspirational targets of earmarked projects for individual country programs.

To achieve a balanced budget, total expenditures are budgeted at USD 81 million for the base scenario and USD 100.2 million for the plus scenario.

Management is currently projecting (based on the management accounts to 31 August) full year income of USD 77.4 million which would represent an increase of USD 10.8 million or 16% over 2022 actual of USD 66.6 million and represent 96% of the base budget of USD 81 million.

Full year expenditures are projected to be USD 76.4 million which would represent an increase of USD 10.5 million or 16% over 2022 actual expenditures of USD 65.9 million and represent 94% of the base budget of USD 81 million.

Thus, an overall operating surplus of USD 1.0 million is projected for 2023. This will be added to reserves which are projected to be USD 21.8 million at 31 December 2023. This is equivalent to 104 days of operating reserves and enables GGGI to maintain its level of reserves days within the benchmark range.

Draft 2024 GGGI Operational Budget

The current estimate of likely 2024 income is USD 90 million (2023 estimated: USD 77.4 million) which is an increase of USD 12.6 million or 16 per cent over 2023. The USD 90 million comprises core funding of USD 20.8 million inclusive of overhead recovery of USD 5.5 million and investment income of USD 0.5 million; program earmarked funding of USD 10.8 million which is an increase of USD 2.5 million or 31%; and project earmarked of USD 58.4 million which is an increase of USD 9.8 million or 20% over estimated 2023.

To achieve a balanced budget, total expenditures will be budgeted at USD 90 million (2023 estimate: USD 76.4 million) which is an increase of USD 13.6 million or 18 per cent over 2023.

Please note that Management has introduced an additional financial indicator which is the **Value of the Unspent Earmarked Contracts**. By this we mean the total value of all currently signed Earmarked Projects under implementation minus cumulative expenditures. Management expects to have close to USD 300 million of unspent signed multiyear earmarked contribution agreements at December 31, 2023. Thus, financing of project activity will not be an issue in 2024. Rather it is the internal capacity which is the determining factor in setting the 2024 operational budget.

Update on the 2023 Operational Budget and Draft 2024 Operational Budget

I. Update on the 2023 Operational Budget

Preparation of 2023 Operational Budget

1. The 2023 GGGI Operating Budget (OB) is based on the 2023/24 Work Program & Budget (WPB) approved by the GGGI Council on 27 October 2022. The approved WPB set out three budget scenarios: The Base Scenario; the Base Scenario with Core Replenishment and the Plus Scenario. The budget under each scenario is set out in the table below:

Table 1: Summary of WPB 2023-2024 Budget by Scenarios

	Base Scenario	Base Scenario with Core Replenishment	Plus Scenario
Core	36.8	61.8	36.8
Program Earmarked	12.8	12.8	16.4
Project Earmarked	109.0	109.0	150.4
Total	158.6	183.6	203.6

2. The detailed budget process was again a mixture of a bottom up and top-down approach where country offices were asked to submit their best estimate of likely earmarked (both program and project) budgets for 2023 and their core requirements. Management then interacted with individual countries to finalize the detailed operational budget considering the availability of funding and institutional priorities in the allocation of core resources based on the approved WPB. The budget was approved by the GGGI Management Team (MT) on December 6, 2022.

MT 2023 Approved Budget

3. At its meeting on December 6, the MT approved a two-budget scenario comprising a Base Scenario and a Plus Scenario.
4. The **Base Scenario** comprises core allocations of USD 20.1 million, program earmarked of USD 9.4 million, and project earmarked as contained in the Council approved WPB base case scenario of USD 51.5 million (adjusted for UAE and Qatar funding as set out below). These total **USD 81 million**. The base scenario budget is very much in line with the base scenario as approved in the WPB 23/24, except for an additional USD 2 million in core which will be received from Korea. In addition, both UAE and Qatar funding for in-country operations previously categorized as project earmarked are now categorized as program earmarked to better reflect the nature of the funding.
5. The **Plus Scenario** differs from the base scenario only in the estimation of project earmarked funding. The plus scenario budget is based on estimates received from countries/units of likely project earmarked funding. Thus, it comprises core allocations of USD 20.1 million, program earmarked of USD 9.4 million, and project earmarked of USD 70.7 million. These total **USD 100.2 million**. The plus scenario budget is an aspirational budget based on aspirational targets of earmarked projects for individual country programs.

Summary Budget

6. The MT approved estimate of 2023 income is USD 81 million under the base scenario (2022 actual: USD 66.6 million) which is an increase of USD 14.4 million or 22 per cent over 2022. Under the plus scenario, the estimate of income is **USD 100.2** million which represents an increase of USD 33.6 million or 50% over 2022. While the Plus Scenario is unlikely to be realized for GGGI as a whole, it is made up of country estimates that each in their own right are reasonable assumptions at the national level on what that country team could receive and possibly spend. Both scenarios are set out in Tables 2 & 3 below.
7. To achieve a balanced budget, total expenditures are budgeted at USD 81 million for the base scenario and USD 100.2 million for the plus scenario.

Table 2: Summary 2023 GGGI Operational Budget - Base Scenario

	Core/Other	Earmarked		Total
	Budget	Program	Project	Budget
USD'000				
Core contribution	14,900	9,408	51,500	75,808
O/H recovery	4,800			4,800
Investment Income	400			400
Total income	20,100	9,408	51,500	81,008
Expenditures	20,100	9,408	51,500	81,008
Surplus(deficit)	-	-	-	-

Table 3: Summary 2023 GGGI Operational Budget - Plus Scenario

	Core/Other	Earmarked		Total
	Budget	Program	Project	Budget
USD'000				
Core contribution	14,900	9,408	70,719	95,027
O/H recovery	4,800			4,800
Investment Income	400			400
Total income	20,100	9,408	70,719	100,227
Expenditures	20,100	9,408	70,719	100,227
Surplus(deficit)	-	-	-	-

Actual Expenditures to 31 August against budget

8. Actual expenditures to 31 August are USD 50.6 million which represents 62% of the total base budget against 66% on a straight-line basis. Expenditures comprise:
- core of USD 12.4 million against a budget of USD 13.4 million to 31 August 2023 (93% spend);
 - program earmarked of USD 5.1 million (81% spend) against a budget of USD 6.3 million to 31 August 2023 and
 - project earmarked of USD 33.1 million against a budget of USD 34.3 million to 31 August (97% spend).

9. Expenditures are in line with where we expect them to be by the end of August. The rate of expenditures for Program Earmarked will increase as we move into the last quarter of the year.

Table 4: Actual expenditures to 31 August against full year budget

	Core		Program Earmarked		Project Earmarked		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	USD '000							
Expenditures	20.1	12.4	9.4	5.1	51.5	33.1	81.0	50.6

Full Year 2023 Estimate of Income & Expenditures

10. The estimate is based on actual expenditures to 31 August and estimated revenues and expenditures for the remainder of the year.

Table 5: 2023 GGGI Operational Budget v Full Year Estimate

	Core/Other		Program earmarked		Project Earmarked		Total	
	Bud	Estimate	Bud	Est	Bud	Est	Bud	Est
	USD '000							
Total income	20,100	20,500	9,408	8,260	51,500	48,600	81,008	77,360
Expenditures	20,100	19,500	9,408	8,260	51,500	48,600	81,008	76,360
Total surplus/(deficit)	-	1,000			-	-	-	1,000

11. **Projected income for 2023 is USD 77.4 million with projected expenditures of USD 76.4 million** which would enable GGGI to record a small **operating surplus of USD 1.0 million**. This includes a refund from UNOPS of USD 0.5 million following the decision by the UNOPS Executive Board, the governing body of UNOPS, to return excess reserves to paying entities that contributed to management fees charged by UNOPS over the last four years. GGGI processed its country office staff payroll to the end of 2021 through UNOPS and this refund refers to management fees paid to UNOPS during prior years. Beginning 2022, GGGI now processes in house its country office staff payroll.
12. Full year income of **USD 77.4 million** would represent an **increase of USD 10.8 million or 16% over 2022** actual of USD 66.6 million and represent **96% of the base budget of USD 81 million**.
13. Full year expenditures of **USD 76.4 million** would represent an **increase of USD 10.5 million or 16% over 2022** actual expenditures of USD 65.9 million and represent **94% of the base budget of USD 81 million**.

2023 Income

14. Total revenue is budgeted at USD 81.0 million for 2023 and the current estimate is USD 77.4 million (2022: 66.6 million). This represents a decrease of USD 3.6 million or 4% against budget but an increase of USD 10.8 million or 16% over actual 2022 revenues. Funding by category is broken down in Table 6.

Table 6: Total 2023 budgeted revenue by category against August estimate

	Budget	Current Estimate	Increase/ (decrease)	% increase/ (decrease)
	US\$'000			
Core	14,900	14,800	(100)	(1%)
Earmarked - program	9,408	8,260	(1,148)	(12%)
Earmarked - project	51,500	48,600	(2,900)	(6%)
Overhead recovery	4,800	4,800	-	-
Investment Income	400	900	500	125%
Total	81,008	77,360	(3,648)	(4%)

Core Funding

15. The estimate of core contributions for 2023 is set out in Table 7.

Table 7: 2023 Core Funding compared to actual 2022

	Note	2023	2022
		US\$'000	
Korea	1	12,000	10,000
United Kingdom	2	0	1,865
Denmark	3	1,300	1,298
Norway	4	1,500	1,585
Other core	5,6	-	-
Other miscellaneous	7	-	219
Overhead recovery	8	4,800	3,959
Investment/other income	9	900	294
Total		20,500	19,220

Note

1. The annual core contribution from Korea was budgeted at the USD 10 million level. Korea has increased their core funding to USD 12 million for 2023. GGGI signed a contribution agreement with Korea in April 2023 for this amount.
2. The UK confirmed that GGGI will not receive a **core contribution from the UK for 2023**.
3. The Danish contribution has yet to be confirmed and we should be informed by late October if this level of core funding is to continue. We are for now assuming that the contribution will remain at the DKR 10 million level which equates to USD 1.3 million at the current exchange rate.
4. The Norwegian total remains at NKR 16.0 million. We were notified on 1 July 2021 that funding of NKR 16.0 million per year was approved as part of a three-year core funding commitment to GGGI for 2021 through 2023. At current exchange rates, it equates to approximately USD 1.5 million.
5. USD 2 million was originally budgeted under 'other' and was based on discussions we were having with several donors. The additional USD 2 million to be received from Korea will now close that funding gap.

6. Efforts on the Core Replenishment Drive continue but we are not forecasting increased core funding to materialize in 2023 in this budget except for the additional USD 2 million from Korea now shown under the Korean contribution.
7. In 2022 an amount of USD 158,850 was received from the Korean Forestry Service to fund a seconded staff member and an amount of USD 59,827 was included as an in-kind contribution for the office space provided by the City of Incheon in G Tower Songdo. Recognition of the in-kind contribution is a requirement under the IFRS reporting standard. Both amounts are shown under other core funding in 2022. Similar amounts were expensed so there is no impact on any surplus/deficit.
8. As earmarked funding continues to increase, we are forecasting an increase in overhead recoveries to USD 4.8 million and an increase of USD 0.8million or 28 % over actual 2022 overhead recovery of USD 3.959 million.
9. Investment/other income is budgeted at USD 0.9 million. This comprises of projected interest income of USD 0.4 million (in line with GGGI's cash balances and the increase in interest rates) and USD 0.5 million one-off payment received from UNOPS as noted on page 3.

Program Earmarked Funding

16. Program earmarked expenditures to 31 August are USD 5.1 million. The program earmarked budget of USD 9.4 million is based on funding from the GGGI/Korea Trust Fund (USD 5.0 million); New Zealand (USD 0.6 million); Denmark (USD 0.6 million) and Luxembourg (USD 0.2 million). In addition, funding of USD 1.5 million each from UAE and Qatar for their respective country programs are now designated program restricted.
17. Actual 2023 program earmarked expenditures are now projected to be USD 8.3 million comprising Korea Trust Fund (USD 3.1 million); New Zealand (USD 0.6 million); Denmark (USD 0.6 million); Luxembourg (USD 1.0 million); UAE (USD 1.5 million) and Qatar (USD 1.5 million).

Korea Trust Fund

18. The 2023 Korea Trust Fund budget comprised of two items. Firstly, there is the carry-over of unspent funding from the 2022 allocation into 2023 amounting to USD 3.1 million and secondly there is the allocation of funding of up to USD 4 million for 2023 of which a relatively small amount will be expended.
19. Most of the KGNDF projects approved in 2022 were planned to be implemented over a 2-year period (i.e. 2022-23). The carry-over from the 2022 allocation is USD 3.1 million and we assume based on current expenditure trends that USD 2.6 million will be spent by the end of 2023.
20. A set of projects to be funded in 2023 was submitted to the Korean Ministry of Economy & Finance (MOEF) in March and approved for implementation on 28 June. Thus, projects to be funded out of the 2023 allocation were budgeted to begin on 1 July with total multiyear budgeted expenditures of USD 3 million of which we assume USD 0.5 million will be expended in 2023, and the remainder in 2024.

New Zealand

21. Program earmarked funding from New Zealand for activities in the Pacific is budgeted at USD 0.6 million for 2023. Actual expenditures to 31 August are in line with the budget.

Denmark

22. Denmark currently provides program earmarked funding for activities in India, Thailand, Indonesia, Ethiopia, Uganda and Burkina Faso. The current funding agreement has been extended to mid-2023. An amount of USD 0.6 million is included in the 2023 budget. This represents the unspent balance carried forward into 2023. No new program earmarked funding has been included in the budget.

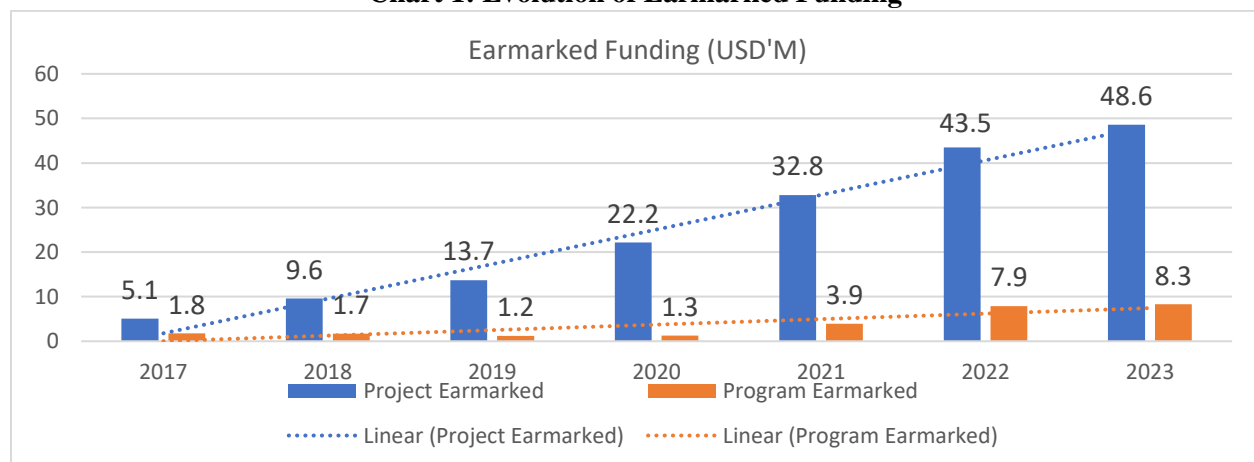
Luxembourg

23. Luxembourg will provide € 1.25 million per year for a regional program in the Pacific & Caribbean and € 1.25 million for a global program on sustainable financial instruments; both for a 4-year period. In late December 2022, the first agreement with Luxembourg for an amount of €5 million for the 4-year period for the program ‘Sustainable Finance Instruments: Scaling-up Thematic Bond Markets in Developing Countries’ was signed. The program agreement for the SIDs program was signed in early June. At the time of budgeting (Oct-Nov 2022), the timing of when these two-program agreements would be approved by Luxembourg and hence come on stream was unknown, so a conservative budget of USD 0.1 million for each program was included. Actual 2023 expenditures will now be considerably higher than the budgeted amounts.

Project Earmarked Funding

24. Project earmarked funding for the base scenario is currently estimated at USD 48.6 million which is an increase of USD 5.19 million or 12% over actual 2022 earmarked funding of USD 43.5 million. The amount is based on current estimates. Chart 1 shows the continuing evolution of both program and project earmarked funding for the base scenario.

Chart 1: Evolution of Earmarked Funding



Overhead recovery

25. Overhead recovery is estimated at USD 4.8 million and is in line with the budget. This is based on a recovery rate of 7% on earmarked projects funded by GGGI’s core contributors and 15% on projects funded by non-core contributors.

Investment Income

26. The underlying philosophy behind the investment of GGGI’s working capital is that investment decisions shall always prioritize preservation of capital ahead of optimizing investment returns. Investment returns are budgeted at USD 0.4 million in 2023 based on higher rates levels and current projected cash balances.

Expenditures

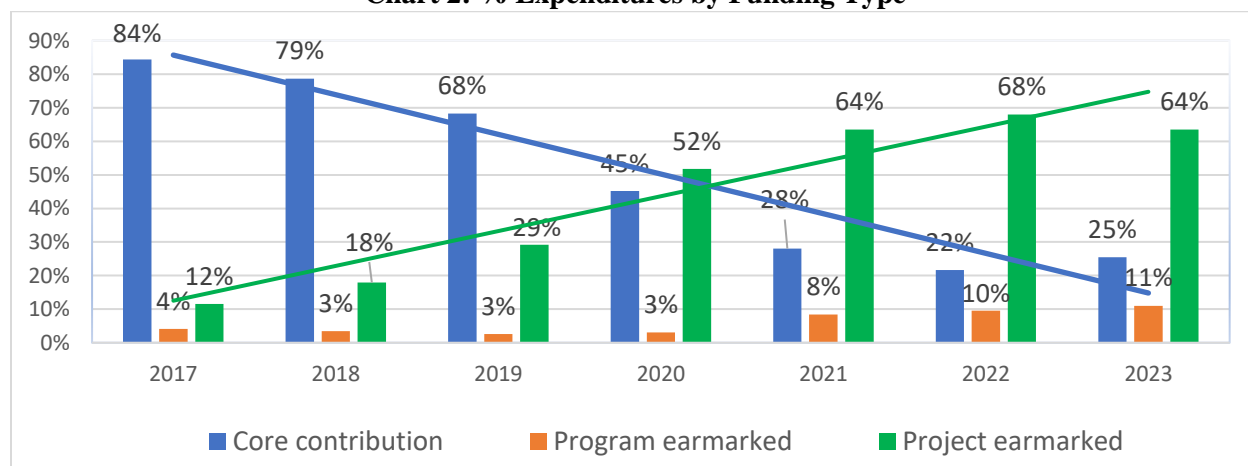
27. Total expenditures are projected to be USD 76.4 million in 2023 for the base scenario.

Table 8: Actual 2017-2022 and Projected 2023 Income & Expenditures

	2017	2018	2019	2020	2021	2022	2023
	USD						Pro
Core contribution/other income	23,733	24,501	32,937	17,796	17,406	15,261	20,500
Earmarked Program	1,815	1,702	1,165	1,348	3,943	7,908	8,260
Earmarked Project	5,049	9,557	13,685	22,127	32,796	43,459	48,600
Total income	30,597	35,760	47,787	41,271	54,145	66,628	77,360
Net Expenditures	44,117	49,679	46,598	42,947	50,981	65,929	76,360
Total surplus/(deficit)	(13,520)	(13,919)	1,189	(1,676)	3,164	699	1,000

28. Of note is the significant increase in funding and expenditures from the 2017/2018 period and also the mix between the percentage of annual expenditures funded by core and by earmarked funding and the increase in program earmarked funding. Below, in 2023, 36% of expenditures are projected to be funded through a mixture of core and program earmarked funding. This is up from 32% in 2022:

Chart 2: % Expenditures by Funding Type



Projected GGGI reserves on 31 December 2023

29. Total projected reserves at the end of 2023 comprise of USD 21.8 million as set out in Table 9:

Table 9: GGGI Projected Reserves at 31 December 2023

	Working Capital	Retained Surplus	Total
	US\$'000		
Balance at 1 January 2023	20,000	768	20,768
2022 operating surplus		1,000	1,000
Balance at 31 December 2023	20,000	1,768	21,768

Reserve Days

30. Reserve days is a financial ratio used by many organizations operating in the not-for-profit sector. It is a measure of the amount of reserves expressed in days of expenditure. It is calculated by dividing the amount of reserves by annual expenditures and multiplying by 365. It is an indication of an organization's ability to absorb longer-term revenue reductions and support organizational growth as well as providing working capital. While reserves are required for an organization to finance its operations, there is no universal standard as to what the required level should be. A commonly used reserve day goal is 3-6 months of expenses i.e. 90 – 180 days of operating expenditures.

31. GGGI's projected reserve days at 31 December 2023 are **104 days** (2022: 115 days) on total projected expenditures of USD 76.4 million against the benchmark of 90-180 days. The projected operating surplus of USD 1.0 million will enable GGGI to maintain its level of reserves days within the benchmark range.

Cash on hand

32. GGGI had a total of **USD 71.5** million in cash at 31 August 2023 (31 December 2022: USD 59.8 million). This equates to a liquidity ratio of **341 days** against the benchmark of 120-180 days.

Conclusion

33. Management is confident that GGGI is on target to again see significant growth in both revenue (projected increase of USD 10.8 million or 16%) and expenditures (projected increase of USD 10.5 million or 16%) in 2023. The strong financial position both in terms of reserve days and liquidity days should enable GGGI to weather any potential negative financial scenarios which might emerge due to ongoing global conflicts.

II. Draft GGGI 2024 Operational Budget

Preparation of 2024 Operational Budget

34. The 2024 Operational Budget (OB) is the second year of implementation of the Council approved 2023/24 WPB. As set out in the 2023 budget update, the current projection for 2023 is a total expenditure of USD 76.4 million. Thus, of the total approved by the Council for the biennial period, amounts in the range of up to USD 82.2 million (base case); USD 107.2 million (base case with core replenishment) and USD 127.2 million remain available for 2024. These amounts are of course contingent upon the availability of funding.
35. The detailed budget process will again be a mixture of a bottom up and top-down approach where country offices have been asked to submit their best estimate of likely earmarked (both program and project) budgets for 2024 and their core requirements. Management is currently finalizing the detailed operational budget considering the availability of funding and institutional priorities in the allocation of core resources based on the approved WPB. The final budget will be approved by the Management Team in December. However, based on available financial information and on submissions already received, the indicative budget is set out below. The final budget is likely to be an amalgam of all three approved WPB scenarios.

Summary Budget

37. The current estimate of likely 2024 income is USD 90 million (2023 estimated: USD 77.4 million) which is an increase of USD 12.6 million or 16 per cent over 2023. The USD 90 million comprises core funding of USD 20.8 million inclusive of overhead recovery of USD 5.5 million and investment income of USD 0.5 million; program earmarked funding of USD 10.8 million which is an increase of USD 2.5 million or 31%; and project earmarked of USD 58.4 million which is an increase of USD 9.8 million or 20% over estimated 2023.
38. To achieve a balanced budget, total expenditures will be budgeted at USD 90 million (2023 estimate: USD 76.4 million) which is an increase of USD 13.6 million or 18 per cent over 2023. The proposed 2024 OB summary is set out in Table 10: Please note that this will likely change when we receive updated estimates of earmarked funding and projected expenditures from country teams.

Table 10: DRAFT 2024 GGGI Operational Budget

	2024			
	Core/Other	Earmarked		Total
	Budget	Program	Project	Budget
USD'000				
Core contribution	14,800	10, 800	58,400	84,000
O/H recovery	5,500			5,500
Investment Income	500			500
Total income	20,800	10,800	58,400	90,000
Expenditures	20,800	10,800	58,400	90,000
Surplus(deficit)	-	-	-	-

2024 Core Funding

39. The estimate of core contributions for 2024 is set out in table 11.

Table 11: 2024 Core Funding compared to Projected 2023

		2024	2023
	Note	US\$'000	
Korea	1	12,000	12,000
Denmark	2	1,300	1,300
Norway	3	1,500	1,500
Total		14,800	14,800

Note

1. The Government of Korea increased their core funding to USD 12 million in 2023 which was an increase of USD 2 million or 20% over prior year funding. We are assuming that the same level will remain for 2024.
2. The Danish contribution has yet to be confirmed so we are assuming that it will remain at the current level of DKR 10 million or USD 1.3 million at current exchange rates.
3. The current core funding agreement with Norway is for a total of NKR 16.0 million. This agreement comes to an end in 2023. We have assumed that it will continue with a new funding agreement at the same level for 2024. At current exchange rates it equates to USD 1.5 million.
4. There is a 'Donor Forum' meeting scheduled for October 26th. Following this meeting management will have a clearer knowledge of any changes to the above estimates of core resources available for 2024. If there are any changes the budget will be adjusted accordingly.

Earmarked Funding

40. From 2021, earmarked funding comprises two types; these are **Program Earmarked** and **Project Earmarked**. Program earmarked funding differs from project earmarked funding in the degree of flexibility in its use with the use of program earmarked being more flexible. Program earmarked funding usually refers to funds given for a specific program or region. Use of these funds within the attributed program or region is generally unconstrained. The amount of program earmarked funding continues to increase, and management has set a target that the combination of core and program earmarked resources should not be less than the range of 30-40% of total expenditures. Earmarked project support is less flexible, and funds usually must be expended in accordance with a detailed line item budget which is specified in the project agreement.

Program Earmarked Funding

41. The current projection of program earmarked funding for 2024 is USD 10.8. This is comprised of funding from the Korea Trust Fund with estimated funding of USD 4 million; Luxembourg's USD 2.8 million for the regional program in the Pacific & Caribbean (USD 1.4 million) and the global program on sustainable financial instruments (USD 1.4 million); Qatar's USD 2.5 million for the Qatar country program; and UAE's USD 1.5 million for the UAE country program.

Project Earmarked Funding

- 42. Project earmarked funding is budgeted at USD 58.4 million which is an increase of USD 9.8 million or 20% over the estimated 2023 project earmarked funding of USD 48.6 million.
- 43. Management have introduced an additional financial indicator which is the **Value of the Unspent Earmarked Contracts**. By this we mean the total value of all current signed Earmarked Projects under implementation minus cumulative expenditures. Management expects to have close to USD 300 million of unspent signed multiyear earmarked contribution agreements at 31 December 2023. Thus, financing of project activity will not be an issue in 2024. Rather it is the internal capacity which is the determining factor in setting the 2024 operational budget. Based on current and projected capacity, management considers that a budget of USD 58.4 for project earmarked funded projects (out of a total GGGI operational budget of USD 90 million) is realistic and achievable.

Overhead Recovery

- 44. Overhead recovery is estimated at USD 5.5 million. This is based on a recovery rate of 7% on earmarked projects funded by GGGI’s core contributors and 15% on projects funded by non-core contributors and in line with recent trends. Going forward, if approved by Council, a single reduced rate of overhead will be applied to all new proposals submitted after January 1, 2024, but it will take several years to take effect.

Investment Income

- 45. The underlying philosophy behind the investment of GGGI’s working capital is that investment decisions shall always prioritize preservation of capital ahead of optimizing investment returns. Investment returns are budgeted at USD 0.5 million in 2024.

Expenditures

- 46. Total expenditures will be budgeted in 2024 at USD 90 million in line with revenue projections. Expenditure of USD 90 million is an increase of USD 13.6 million (18 %) over projected 2023 expenditures of USD 76.4 million. Expenditures to be funded by core and program earmarked are budgeted at 36% of the total.

Chart 3: Percentage Expenditures by Funding Type

