

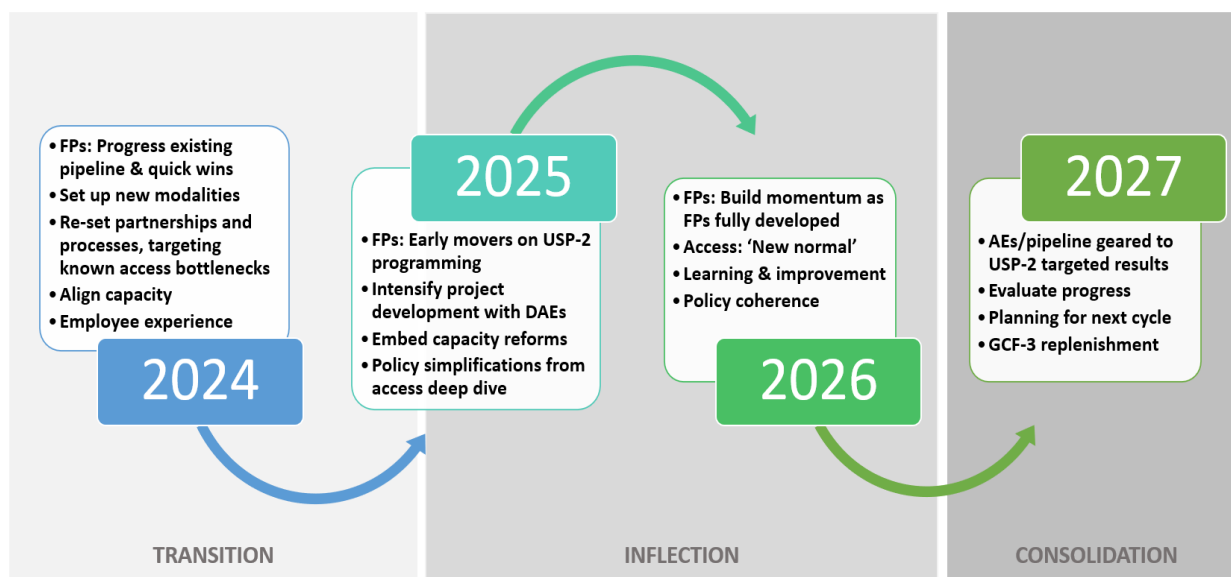
Annex IV: Work programme of the Secretariat for 2024 and administrative budget

I. Introduction

1. Paragraph 23(e) of the Governing Instrument for the GCF directs the Secretariat to “develop the work programme and annual administrative budget of the Secretariat and Trustee and submit them for approval by the Board.” This document is submitted in fulfilment of that mandate. In addition, at the request of the Budget Committee, this document presents the administrative budget of the Board, and includes, in appendix I, an output based budget, and in appendix II, a consolidated administrative budget that covers all of the bodies of GCF, including its independent units. Finally, appendix III sets out the 2023 annual review of salary scales pursuant to Board decisions B.13/26 and B.34/20.

2. The Secretariat’s 2024 work programme and budget has been developed against the backdrop of the Board’s adoption of the GCF Strategic Plan for 2024-2027 (USP-2) and the GCF second replenishment (GCF-2). It sets out the Secretariat’s top priorities for action as it works toward USP-2 implementation and execution of GCF-2 resources. These are: (1) enhancing country ownership and access to GCF funding; (2) delivering impact and results; and (3) focusing on people and performance. This work programme is intentionally presented as the first year of a progressive, four-year trajectory (see **Figure 1**). This marks a deliberate shift toward mid-term work planning across key dimensions of the Secretariat’s work – partnerships and access; programming, portfolio management, results and knowledge; institutional systems and policy engagement with the Board – where 2024 is the first “transition” year of a progressive trajectory to deliver the Board’s ambitions for the Fund over GCF-2.

Figure 1: 2024 in context: A multi-year approach to implementing the USP-2



3. As in the past, the Secretariat’s work programme does not attempt to describe the majority of activities the Secretariat engages in on a day-to-day basis to enable the GCF to develop and oversee its multi-billion dollar portfolio. Rather, under each objective, the narrative highlights the priority initiatives that the Secretariat will focus on in 2024 – some targeting quick wins, and others setting foundations for the mid-term – and to which resourcing will be

directed in line with the accompanying administrative budget proposal. The work programme results framework and performance indicators have also been streamlined based on the three priorities set out above. Under each priority, the Secretariat has identified a set of 'intended results' which translate the strategic programming directions, operational and institutional priorities set out in the USP-2 into a more specific set of shared results to which everyone in the Secretariat will contribute over 2024-2027, and which link to the staff performance management system. The proposed results framework is set out in Section V of this document.

4. The budget proposal is grounded in a resourcing strategy that will see the Secretariat focus, for the 'transition' year into USP-2 implementation, on reaching and maintaining the full strength of its current staff workforce, concertedly pursuing efficiency and access gains from simplifying processes and changing ways of working, and targeting over 90 per cent budget execution. Budget growth areas reflect the investments in systems, travel for partner engagement and communications needed to set the Fund up for success. While the Secretariat does anticipate that the continuing growth path of the GCF will correlate with future resourcing growth, it aims to be staffed to full capacity, harvesting deeper efficiencies, and demonstrating the ability to increase programming and implementation output capacity over GCF-2 at a higher rate than budget growth, when it reverts to the Board with the capability review for GCF-2.

II. Secretariat objectives and key initiatives for 2024

2.1 Enhancing country ownership and access to GCF funding

5. The Secretariat's first priority for 2024-2027, focused on partnerships and access, will be enhancing country ownership and access to GCF funding. It covers action the Secretariat will take toward strengthening understanding and focus of the GCF partnerships approach and refining its partnership modalities; significantly scaling up direct access programming engagement, leveraging the SAP for improved speed; empowering countries to advance integrated NDC/NAP/LTS investment planning and work with their chosen implementation partners to originate high quality pipelines for GCF; and improving the simplicity, predictability and speed of GCF processes. This work is expected to directly contribute to USP-2 targeted results 1 and 2, set the upstream foundations for portfolio programming, and implement the operational priority on significantly improving access.

6. Access to GCF starts with the Fund's partnerships. Accordingly, the Secretariat's first action area will be bringing a **fresh focus to refining the fund's partnership model**, to strengthen understanding and focus of the GCF partnerships approach. The Secretariat proposes to launch this work in 2024 through a combination of quick wins and creating the space needed for deeper reforms to access modalities and policies. By examining immediate ways to relieve pressure on the re/accreditation process, the Secretariat – with the Board's support – sees opportunities to ease bottlenecks being felt by stakeholders, and simultaneously free up critical internal capacity. This would create the space to explore deeper reforms, which the Secretariat will do by developing two strategic pieces of analysis for Board consideration. The first is the partnerships and access strategy called for by the USP-2, through which it would seek to more clearly delineate different pathways for partnerships and access to the GCF, taking a holistic look at the efficacy of those pathways consistent with the current realities of the GCF business model and programming strategy, as well as partners' own mandates. Second, the Secretariat would also conclude work started in 2023 on a study examining potential for accredited entities to apply their own systems and policies where substantially equivalent to GCF's, scoping opportunity to reduce policy complexity while maintaining best practices.

7. As shown in **Figure 2** this would provide a foundation for coming back to the update of key access-related modalities and policies – the update of the accreditation framework, elaboration of the accreditation strategy and update of country ownership guidelines – sequentially after the partnership and access strategy and AE policy study have been considered by the Board. This ensures policy updates can be made comprehensively and coherently, with big picture strategy in mind, rather than as isolated interventions.

Figure 2: Possible sequencing of access-related policy initiatives for Board consideration



Note: Timeline indicates possible dates for Board decision, anticipating that Secretariat work will need to start at least 12 months in advance of the target Board date, and allow several cycles for Board consultation and consideration.

8. The Secretariat’s **management of accreditation, reaccreditation and PSAA pipelines will be influenced by the overall strategic direction taken on access for 2024**. A ‘business as usual’ approach would see the Secretariat processing 20-25 re/accreditation and upgrade applications, with a focus on re-accreditation per the Accreditation Strategy adopted by the Board. The Secretariat is also expecting to progress 10 PSAA applications as the pilot moves into its first full year of implementation, many supported by PPF. The question to be explored is whether it is possible to shift away from this BAU to ease critical pain points, as well as redeploy Secretariat capacity, for example towards clearing conditions to full DAE accreditation or processing new candidates in the accreditation pipeline. This would be subject to agreement with the Board. In the meantime, the Secretariat will take a strategic approach to managing the accreditation, reaccreditation and PSAA candidate pipeline that aligns with and fully supports the GCF-2 programming strategy. Based on the accreditation strategy, near term focus for new accreditation will continue to be on applicants from countries that do not have a DAE, private sector entities able to use more complex financial instruments, and entities that can help fill USP-2 programming gaps.

9. With a focus on bringing partnerships into alignment with programming, 2024-2027 will see the Secretariat renew efforts to **shift the model of pipeline origination to truly live up to a country-driven programming approach**. This will require material changes in the way the Secretariat engages GCF partners – countries, accredited entities and delivery partners – to bring the Fund more thoughtfully into investment planning and mobilization activities at country-level. Bringing the Secretariat closer to countries on the ground will be key: in 2024 this is expected to happen through more intensive programming missions and the biennial global programming conference. Longer-term, regional presence will be a critical success factor. The Secretariat will seek to improve the country focus of GCF-2 programming by integrating country and entity efforts through more regular and dynamic programming exchanges, supported by improved readiness support and expanded Secretariat engagement, and shifting away from more static entity work programmes. To respond to the USP-2 call for particular focus on developing countries that have not yet accessed GCF, the Secretariat will map unserved and underserved countries across regions to help prioritize engagement on pipeline origination.

10. To inform and situate country programmes within wider NDC/NAP/LTS implementation activities at a country level, the GCF will also **support developing countries – in collaboration with other partners in the wider climate finance community – in developing NDC/NAP/LTS financing plans**. This will build on work being done by the

Secretariat in 2023, together with the UNFCCC Secretariat, NDC Partnership and NAP global network, to articulate a general ‘climate investment planning and mobilization’ framework. The aim of this is to help countries situate their current progress in planning for NDC/NAP/LTS implementation, identifying financing needs and unpacking when and how to engage different potential sources of finance including domestic private sector and financial institutions. This work will help GCF improve complementarity and value-addition to the efforts already being undertaken by countries, in what has become an increasingly fragmented climate finance landscape. Leveraging its climate change expertise, expert collaborations, and track record of NAP support, GCF will seek in particular to work with countries on using climate data, risk and vulnerability assessments, and economic costing of climate impacts, to advance implementation of adaptation priorities.

11. The revised **readiness and preparatory support programme will be a critical tool for implementing these priorities**. Following the Board’s approval of a revised readiness strategy for GCF-2, the Secretariat’s focus will be squarely on implementing the updated modalities to reduce transactions costs, improve access and strengthen the programme’s impact. Following the implementation arrangements set out in the readiness strategy, key tasks for 2024 will include piloting the new country programming approach, updating the readiness guidebook and resource materials, simplifying templates, engaging countries, DAEs and delivery partners through communications to support uptake, refreshing and simplifying the readiness results management framework, strengthening capture of knowledge and lessons learned, and implementing a phased plan to re-examine delivery partner agreements to improve consistency with the revised strategy. This is expected to be a relatively intensive program of activities over 2024 to support a full transition by 2025.

12. Honing the Secretariat’s upstream support toward **DAE partnerships, and scaling up DAE programming, will also be a lynchpin for access and a more country-driven GCF-2 programming approach**. In 2024, the Secretariat will refresh its Direct Access action plan, guided by the clear and ambitious targets set in the USP-2. Through a deliberate redirection of Secretariat effort to DAE origination, including proactive pipeline analysis and prioritization, partnership building, and hands-on programming engagement such as project clinics and workshops, the Secretariat will strive to bring more DAEs into active programming dialogue with GCF and accelerate maturation of DAE pipeline. The Secretariat will also develop a tailored plan of support and training for building DAE programming capacities over 2024-2027, in conjunction with the new DAE readiness support window proposed for approval by the Board, as well as facilitating opportunities for peer learning and exchange.

13. These efforts are expected to deliver progressive rather than instant results, given the time normally taken to mature project pipeline. In 2024, work will focus on ‘quick wins’ from DAE pipeline that is already relatively advanced, active monitoring of project development support that may bear fruit in the next 9-18 months, building capacities of non-active DAEs, and initiating new DAE programming relationships which may only realize approved projects over the longer term. **Scaling-up deployment of the PPF and SAP will play a key role in accelerating programming through GCF-2**, and be prioritized to support funding proposals from DAEs. The Secretariat is currently working through the UN Secretary General’s Early Warnings for All (EWS4All) initiative to implement SAP fast-tracking templates and a scaling-up framework for climate risk and early warning systems (CREWS) proposals. Building on lessons learned from the CREWS experience, the Secretariat will explore expanding the SAP fast-tracking modality to other sectors and programming areas, including locally-led action and early stage ventures, as well as creating scaling up frameworks with other climate funds including the Adaptation Fund and Global Environmental Facility (GEF). The Secretariat will

also continue working to speed up SAP delivery through use of external review capacity, targeting agreement signing upon approval, and piloting simplified reporting.

14. Across all of the fund's modalities, the drive for simplified access will see the Secretariat use 2024 to implement both **quick wins and more structural improvements in processes, practices and policies**. The Secretariat will take immediate steps at the operational level to strengthen partner relationship management, including streamlining communications to ensure partners have a clear primary point of contact and receive a single set of curated feedback. The Secretariat will also in 2024 aim to launch response time dashboards, showing processing time with GCF vs time outside GCF, which will also serve to set benchmarks for the USP-2 goal of reducing the median times taken to process accreditation, readiness, PAP and SAP proposals. The Secretariat also hopes to introduce a client satisfaction survey as a way of gathering feedback and assessing progress. To improve process simplicity and efficiency, the Secretariat will build on the process mapping and risk control exercise being done in 2023 to pinpoint and address known bottlenecks, both pre- and post- approval. The first priority in 2024 will be further reforms to the funding proposal appraisal process. These efforts will look to improve the 'partner experience' in engaging GCF's project teams, through focus on strengthening a client-focused, solutions way of working; updating the operations manual with clarified and streamlined roles and responsibilities; and elaborating consistent appraisal standards for recurring project appraisal issues. The Secretariat will also continue its efforts to support quality at entry – a significant root cause of slower processing – as well as delivering prompt and early feedback on whether or not a concept note is a good 'GCF-fit'.

2.2 Delivering impact and results

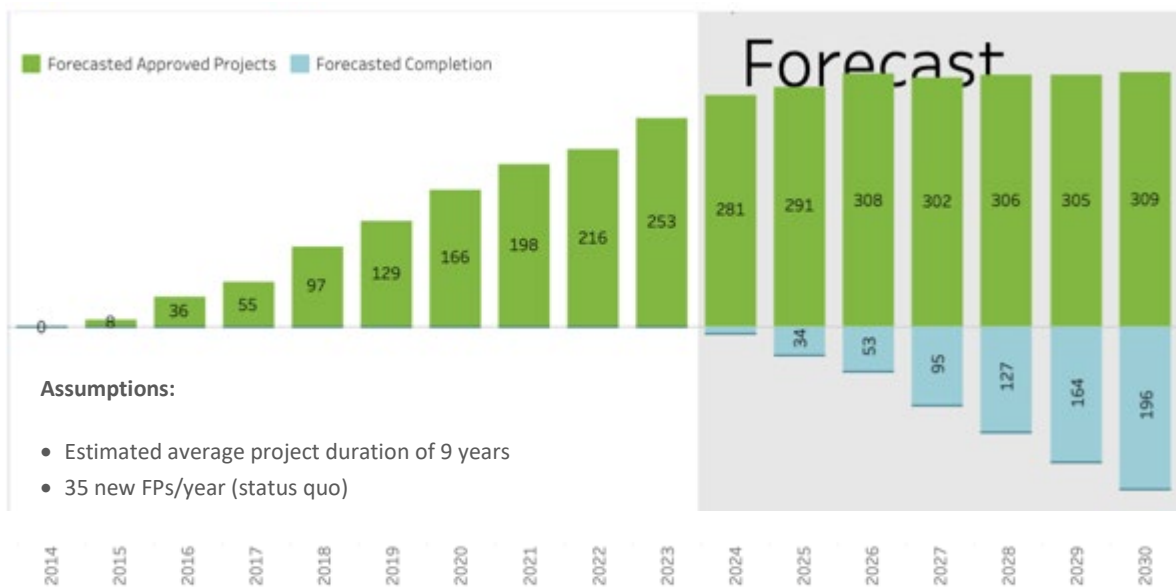
15. The Secretariat's second overall priority for 2024-2027 will be delivering impact and results. This priority comes to the heart of GCF's mission: helping developing countries take climate action that secures lives and livelihoods, particularly for those most vulnerable to climate change. It covers the action the Secretariat will take to: strengthen inclusive stakeholder engagement and coordination at country level on GCF programming; build a portfolio that is aligned with USP-2 targets; effectively implement the portfolio through a risk-based adaptive management approach; manage results and harness knowledge and learning; and use this to deepen understanding of GCF's impact and complementarity in the wider finance landscape. This work is expected to contribute directly to the USP-2 targeted results 1-11, and the institutional priorities related to results, knowledge and communications in USP-2 Section V.2.

16. The USP-2 and GCF-2 replenishment set two key 'big picture' parameters for programming over 2024-2027. First, the GCF is on a continuing growth path. During GCF-2, as shown in **Figure 3A**, the fund will seek to increase programming capacity – the number of funding proposals approved for developing countries – by 25-50 per cent. As shown in **Figure 3B**, the GCF portfolio will also keep growing until it reaches a steady state – the time at which project completions equal new approvals – expected at earliest by 2027, or later if programming capacity keeps growing. Second, under the USP-2 the Board has expanded its qualitative ambition for GCF to deliver improved access and enhanced climate results for developing countries, particularly the most vulnerable. Ambitious targets such as doubling the number of direct access entities (DAEs) programming with GCF will challenge the fund to re-think the way it does business.

Figure 3A: GCF programming capacity: Historical 2015-2022 programming levels and scenario for 2023-2027 based on mid/high GCF-2 replenishment

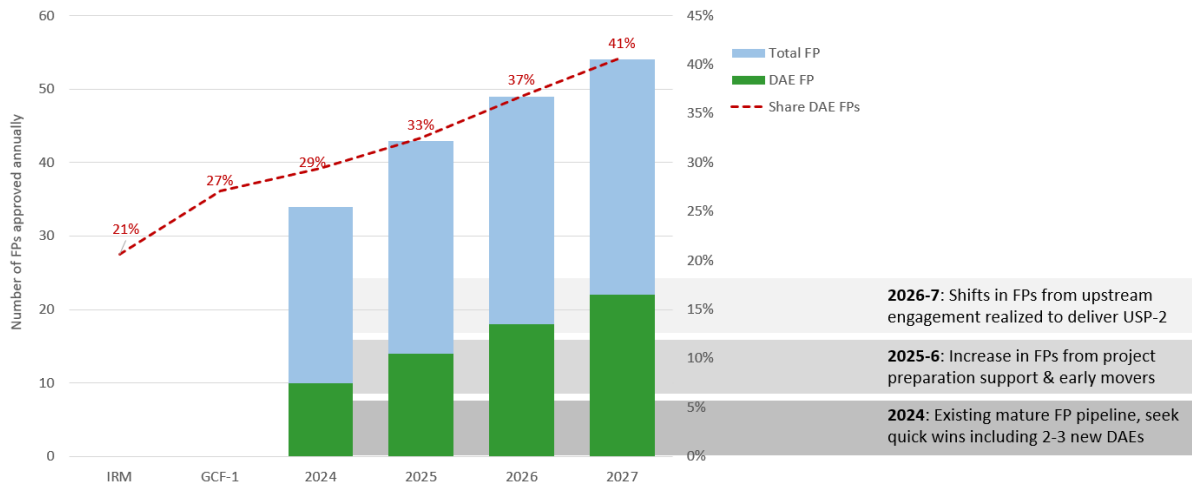


Figure 3B: GCF portfolio: Projection of when portfolio may reach ‘steady state’ based on current programming levels



17. **Within this context, 2024 will be a transition year for programming, laying foundations for shifting the portfolio toward USP-2 alignment and reforming processes to bring programming capacity to greater scale.** Reflecting the normal project development cycle, funding proposals brought for Board approval in 2024 will largely reflect GCF’s existing late-stage pipeline, ensuring countries with mature funding proposals are not left behind. The Secretariat also hopes to be able to bring some quick wins through intensified engagement with new DAEs, the private sector and on initiatives such as the UN Secretary General’s Early Warnings for All. In parallel, as described above, the Secretariat will lay foundations to deliver greater shifts in programming from 2025-2027, building momentum on new DAE programming. The **figure 4** illustrates a ‘mid-term programming’ scenario:

Figure 4: A 2024-2027 view of programming, through the DAE lens (180 FPs scenario)



18. The programming levels proposed by the Secretariat for 2024 reflect this transition phase. The Secretariat will aim to submit between **34-41 funding proposals (USD 2.14-2.63 billion) to the independent TAP, aiming for Board approvals of 28-34 funding proposals (USD 1.75-2.2 billion)**. This will include submission to the independent TAP of 7-13 DAE proposals including 2-3 new DAEs (USD 140-260 million), 11-14 Private Sector Facility (PSF) proposals (USD 920-1100 million), 9-13 SAP proposals (USD 135-200 million), and 14-19 adaptation proposals (USD 480-615 million). This represents an increase in programming levels from 2023, but less than full execution of anticipated commitment authority for 2024; though it does signal a more ambitious direction of travel. This is a trade-off the Secretariat considers necessary to allow, first, for delivery of the smaller-average-size funding proposals in the current late-stage pipeline, and second, for a fuller focus on supporting new origination to deliver the USP-2.

19. Qualitatively, the Secretariat will **engage countries and their partners to mature new programming aligned with USP-2 targeted results, building on the reinforced country-driven approach to origination described in objective one**. In addition to the efforts through the SAP and on climate information and early warning systems described above, the Secretariat will encourage growth in less mature portfolio programming areas. This includes locally led adaptation action supporting the most vulnerable, underpinned by an update to the Enhanced Direct Access (EDA) programme and in line with the GCF adaptation approach, and engaging local private sector actors and regional and national financial institutions, in line with the private sector strategy. The Secretariat will continue to encourage cross-cutting proposals that maximize co-benefits, notably on livelihoods and biodiversity, and uphold best practices on environmental and social safeguarding, gender mainstreaming and engaging indigenous peoples participation and knowledge, particularly for ecosystems projects in climate-critical sensitive areas.

20. The USP-2 places a particular focus on GCF striving for inclusive climate action, integrating and giving voice to local communities, indigenous peoples, civil society, women and girls, persons with disabilities and youth as agents of change. In 2024, the Secretariat will make a start to what it anticipates will build into a more **structured programme of inclusive stakeholder engagement for programming, innovation and participatory knowledge sharing**. This will include continuing its support for the Indigenous Peoples Advisory Group (IPAG) and exploring scope for inclusive innovation based on traditional, local and indigenous

knowledge and practices; conducting a stocktake of stakeholder engagement in programming processes; hosting at least one formal dialogue with civil society organizations (outside of regular Board engagements); and re-initiating consultations on the review of observer participation guidelines. Notably, the anticipated submission for Board consideration of the GCF environmental and social safeguards standards and updated information disclosure policy, will also include key measures to promote transparency and inclusion in GCF programming. As called for by the USP-2, to underpin these efforts the Secretariat will also seek to enhance GCF's ability to operate in the main languages of its stakeholders, through both continuing to translate key operational documents as well as pursuing a study on options to enhance multilingualism.

21. As shown in Figure 3B above, the **size and complexity of the GCF portfolio is expected to continue growing throughout GCF-2**. The GCF's programming focus on novel paradigm-shifting approaches, expanding engagement with first-time programming DAEs and PSAA entities and innovative private sector de-risking is likely to bring added complexity to portfolio management into the future. In this context, and building on the policies and systems set up during GCF-1, the Secretariat will be maintaining focus through 2024-2027 on evolving its risk-based portfolio monitoring and management approach. In 2024, this will see continued refinement of the portfolio performance management system (PPMS) for end-to-end digitalization of monitoring functions and early warning of potential risks; working in partnership with countries, AEs and delivery partners on proactively spot and troubleshoot implementation challenges; and continued progress rolling out the GCF Enterprise Resource Planning system (ERP) to efficiently manage a growing volume of disbursements, reflows and more complex valuation and financial reporting.

22. Based on an analysis of the current portfolio and programming projections, the Secretariat anticipates **2024 implementation rates of 85% of the funded activity portfolio under implementation and annual disbursements in the range of USD 994 to 1,492 million**, up from 728-1063 million in 2023. For readiness and PPF the expectation is over 80% of approved grants receiving disbursements. The targeted funded activity implementation rate of 85% is in line with projected achievement for 2023; the lower and higher range of the disbursement range is increased by 37% and 40% respectively due to the substantial increase in FAAs between 2023 and 2024. The Secretariat's efforts in accelerating the negotiation of legal agreements – with 71% of funding proposals approved in 2023 having their FAAs executed immediately after Board approval – has already delivered significant gains in speeding up implementation, and the Secretariat hopes to capitalize on this in 2024 by encouraging earlier negotiation of project subsidiary agreements, a key factor in speeding up disbursement, as well as facilitating timely review and clearance of conditions to disbursement.

23. **Risk-based adaptive management, including restructuring, continues to present a significant body of work** for the Secretariat. Drawing lessons from experience, in 2024 the Secretariat will tackle this through a multi-pronged approach. The first is continuing to support implementation capacity, particularly among DAEs, and strengthen project quality at approval: having well-designed projects that are able to move promptly to implementation can help reduce the need for adaptive management at the outset. Second is engaging based on a 'trusted partner approach', anticipating adaptive management actions to facilitate faster processing. The third is looking at ways to streamline adaptive management requests within the Secretariat. During 2024, the Secretariat also judges it will have sufficient portfolio implementation experience from GCF-1 to commence the scheduled review of the Policy on Restructuring and Cancellation, with a view to bringing recommendations back to the Board in 2025.

24. The USP-2 also specifically invites GCF to **deepen its focus on results, knowledge and learning over 2024-2027**. While the integrated results management framework (IRMF) and readiness results management framework (RRMF) will continue to provide the backbone

for results reporting during GCF-2, in 2024 the Secretariat will need to take steps to fully align internal data and results tracking systems with the USP-2 targeted results, as well as the revised readiness strategy to be adopted by the Board. These efforts will focus on simplification and consolidation, and include reviewing and updating reporting templates for clarity and efficient information capture. As more actual results are reported, the Secretariat will also continue its efforts to promote the credibility and consistency of reported mitigation and adaptation impacts through guidance, training and sharing best practices.

25. The Secretariat will also be implementing an **updated knowledge management strategy for 2024-2027, which will see it move to a more structured, multi-year program of work on knowledge, training and learning**. This is a much needed step forward for GCF, which merits sustained resourcing through both administrative and programme budgets. While further details of the knowledge workplan, to be implemented through a hub-and-spoke model, will be developed in 2024, the Secretariat envisions that this work will include developing more structured training offerings for country and DAE partners; developing further learning loops to more systematically harness insights and lessons learned from institutional and programming processes, such as readiness and funded activity implementation; curating 'GCF insights' publications for example on NAP support results, sector programming and private sector proposal development; establishing and managing knowledge partnerships to leverage partners' ecosystem expertise and knowledge; convening forums to facilitate peer exchange and learning; extracting lessons from IEU, Secretariat and other external evaluations, including Transition Area Portfolio Reviews; and continuing to build knowledge platforms including the Open Data Library, Readiness Knowledge Bank and Funded Activity Knowledge Bank with increasingly advanced data analytics, toolkits and insight generation.

26. In 2024 the Secretariat will also **turn a stronger focus to deepening GCF's global profile and building understanding of the real impact GCF is having**. While GCF has steadily been building a programming track record that is delivering climate results for people and communities on the ground, external communications have not kept apace: resulting in a general level of understanding of GCF that lags somewhat behind reality. Accordingly in 2024, and on the back of the GCF second replenishment and related USP-2 mandates, a key Secretariat focus will be **developing a more comprehensive communications, outreach and advocacy strategy to bolster the GCF's profile and visibility of the fund's impact**. This will aim at both strengthening understanding of the USP-2 programming strategy and GCF's value-add in the climate finance architecture, as well as more systematically sharing information on Fund's results and success stories. Implementation will require a concerted upscaling of the Fund's communications activities and associated capacity. This will include project sites visits to capture impact stories from GCF beneficiaries, a stronger focus on co-branding and storytelling with partners, investing in traditional and digital media content generation and amplification, strengthening media partnerships and targeted advocacy campaigns.

27. The Fund's **outreach in 2024 will centre on the GCF's flagship global programming conference, its participation in programming missions and key regional and global events, and UNFCCC COP29**. To give effect to the USP-2, particularly its aspirations on country-led programming and new DAEs, the Secretariat will need to intensify travel to get closer to country realities on the ground. To capture efficiencies, the Secretariat will look where possible to combine missions with key regional events. At global level, the Secretariat will plan for major engagements such as UNFCCC COP29, UN General Assembly and Summit for the Future and the sixth session of the United Nations Environment Assembly (UNEA). It will continue outreach through a range of strategic partnerships, including the UN, G20 and key regional fora, host regular dialogues with embassies in Seoul, and engage with philanthropies and civil society.

28. An increasingly crowded and complex climate finance landscape is putting the onus on sources of finance to better clarify how they can best add value and cooperate to maximise efficiencies in impact and minimize complexity for countries. The GCF has spearheaded collaboration with the climate funds through its operational framework on complementarity and coherence, and in 2024 it will **take a wider look at how complementarity and coherence can be deepened across the climate finance architecture**. The planned first-ever joint presence of climate funds initiated by GCF at COP28 will provide an opportunity to initiate strategic discussion on improving synergies and avoiding fragmentation, leveraging the funds' respective mandates, business models, experiences and origination modalities. Some of the specific initiatives that will be advanced in 2024 include the enhanced scaling up framework with the Adaptation Fund, coordinated investment planning in pilot countries with GEF, and forging programming synergies with CIFs. GCF will also look to integrate complementarity and coherence in specific policy and programme updates in line with the overall direction in USP-2.

2.3 Focusing on people and performance

29. The Secretariat's third priority for 2024-2027, will be focusing on people and performance. This covers the action the Secretariat will take to continuously evolve the GCF's capabilities for successful delivery of the USP-2, and mature the Fund to a state where it will be able to materially and efficiently scale-up programming to a new level by the time of the third GCF replenishment. It covers efforts to align institutional resourcing, talent and culture with the GCF strategy and values; consolidate efficient and effective institutional systems and processes based on sound risk management and harnessing the power of data and technology; and effective governance and support for the Board. This objective implements the institutional priorities set out in Section V.2 of the USP-2, particularly in relation to governance, risk management and organizational capacity.

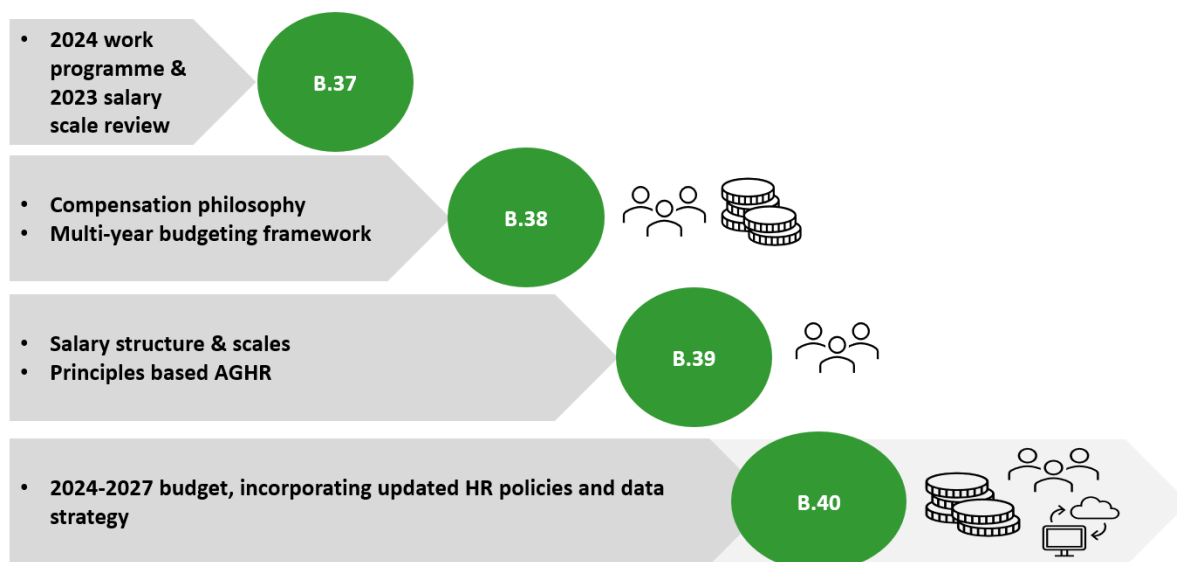
30. The Secretariat believes that a **different way of working will be key to successful delivery** of the USP-2 and the above partnership and programming priorities. The 2024 work programme is founded on a **deliberate shift to a more strategic, mid-term work and resource planning approach**, designed to help the Secretariat respond with improved predictability and transparency for the Board and stakeholders, and at a pace that is more sustainable for the Secretariat's staff. As set out above, it anticipates developing multi-year work plan trajectories across key priorities – partnerships and access; programming, results and knowledge; institutional capacity and policy engagement with the Board – that will synchronize with the planned move to a multi-year budgeting approach from 2024. The activities in the 2024 work programme are designed to set up a smooth transition from GCF-1 to GCF-2, harvesting quick wins while setting in motion deeper structural improvements in organizational capacity to help the Fund reach greater scale efficiently over GCF-2.

31. Consistent with a multi-year approach, the Secretariat's **financial planning and pipeline management will be updated to support more predictable, USP-2 aligned GCF programming over 2024-2027**. At the time of drafting of this work programme, resource mobilization for the GCF-2 replenishment is still ongoing. An updated GCF financial plan will be prepared once the scale and schedule of contributions is settled and updated regularly throughout GCF-2. Consistent with the USP-2 direction to channel resources in a more predictable manner, the Secretariat will plan for an even programming trajectory for GCF-2 that 'smooths' the peaks and troughs shown above in Figure 3A, in line with available commitment authority. This will have the advantage of allowing developing countries and partners to prepare pipeline with a clearer view of GCF's programming trajectory, rather than responding to sudden shifts in funding availability and programming profile as has happened in the past.

Greater clarity on programming directions and review standards, early feedback on GCF-fit, and monthly pipeline review meetings will also enhance predictability.

32. As recognized by the USP-2, in 2024 it will be timely and critical for the Secretariat to work with the Board on **securing the institutional capacities needed to effectively and efficiently deliver the USP-2 while safeguarding staff wellbeing**. As shown in **Figure 5** the Secretariat proposes to develop, for sequenced consideration by the Board, proposals on a multi-year budgeting approach, a comprehensive update to human resource policy settings and a USP-2 capability review. This sequencing is designed with a view to ensuring that by B.40, the updated resourcing approach will be mainstreamed into a cyclical, multi-annual approach to work planning and budgeting to take effect from 2025-2027.

Figure 5: Possible sequencing of capacity-related items for Board consideration in 2024



Note: Timeline indicates possible dates for Board decision, anticipating that Secretariat work will need to start 6-9 months in advance of the target Board date, and allow multiple cycles for Board consultation and consideration.

33. **A top priority for the Secretariat over GCF-2 is securing the wellbeing of the Fund's staff and working to make GCF an employer of choice.** Nurturing people and talent and building a trusting, productive and collaborative GCF culture are critical investments that will in turn pay dividends in GCF results. In this regard, the Secretariat counts on the Board's support in considering both the USP-2 capability review – ensuring the Fund's workforce is right-sized for its ambitions – and human resource policies – ensuring the GCF has a fit-for-purpose job architecture and competitive conditions that help it attract and retain world class talent with the agility to respond to changing workforce needs and employment market conditions. The Secretariat will also internally prioritize for 2024 a series of measures focused on people and culture. On one hand, it will further systematize workforce planning as it recruits to reach and maintain a full headcount complement – expected from early 2024 based on current hiring. As part of the capability review it will develop a unit costing and workforce planning model, allowing it to be more data-driven in forecasting capacity needs as well as identifying potential further efficiency gains. It will also enhance competency and performance management frameworks to help systematically identify existing skills or skills gaps and build skills for effective delivery of the USP-2. Concurrently, its people plan will focus on improving employee experience: enhancing onboarding and wellbeing programs, investing in talent, skills and career

development, and striving to improve work-life balance, including through seeking to reduce and eliminate time-consuming, low value-add tasks.

34. **Reinforcing a culture aligned with GCF values – ensuring that people are trusted and valued, and that the GCF is a safe, respectful and rewarding place to work** – is critical to the success of the GCF and the USP-2 over the long term. The Secretariat expects that implementing the USP-2, and especially making access-enhancing changes to key processes, will require a series of significant change initiatives. Accordingly, as part of its 2024 work programme the Secretariat has planned for measures to enable more effective planning, implementation and uptake of culture and change initiatives, alongside continuing to improve corporate performance management systems that allow for real-time monitoring, feedback and adjustment. It will also continue to implement activities that were included as part of the GCF's own Gender Action Plan, to ensure that there is enhanced gender mainstreaming internally.

35. On the resourcing side, Secretariat initiatives in 2024 will focus on **predictable, efficient and prudent management of the Fund's finances**. Supporting the Budget Committee and Board in consideration of a multi-annual budgeting approach will be a key 2024 initiative toward better equipping the fund to manage its business as a going concern, while maintaining efficient administrative costs overall. Through 2024 the Secretariat will also be progressing the execution of GCF-2 contributions agreements, together with undertaking financial planning for the delivery of commitment authority and continuing resource mobilization efforts. Specifically, the Secretariat will enhance efforts to secure payment or deposit of contributions prior to the last Board meeting of each year, to work toward the fullest possible execution of commitment authority within the GCF-2 period. The Secretariat will also advance rollout of the enterprise resource planning (ERP) platform to equip GCF with a much-needed set of tools to manage its budget, investment income and reflows, and work on valuation tools for managing the GCF's increasingly complex portfolio. The ERP will be the central operating system of GCF on the programming side, and in almost every support function from human resources to procurement to risk management.

36. Delivering the USP-2 will require **sustained investment in robust institutional systems – particularly for data and risk management – enabling the GCF to deliver with integrity and deeper efficiency**. While much progress has been made on the digitalization front, there are still significant areas of manual processing across the Fund which are capacity-draining and elevate risk of errors. Furthermore, the GCF is not yet harnessing the potential of its extensive data-sets for value-creation, impact and access. Development of an updated data vision and strategy in early 2024 is expected to set the foundation for a refreshed 2024-2027 data and digitalization workplan, that brings improved sequencing and project management to the Secretariat's data quality, data management, data insight and systems investments. This will set GCF up to more effectively harness the immense power of new technologies, including artificial intelligence, to build efficiencies and value. In line with the USP-2, the GCF will also be exploring opportunities to link and share data with other sources, such as its sister climate funds, to enhance shared climate programming outcomes and improve access across the climate finance sector as part of broader systemic changes. These efforts are likely to require multi-year investments in data management, to bring data to the requisite quality, build strong data governance, implement systems, strengthen use of the GCF taxonomy, trial proof of concept use cases and develop more advanced analytical tools.

37. The Secretariat will also continue into 2024 its **ongoing efforts to strengthening the Fund's internal control framework and risk management culture**. This work will take both operational and policy tracks. On the operational front, the Secretariat will seek to update its internal risk register to take account of the USP-2 and GCF-2 replenishment. It will complete an ongoing, comprehensive process mapping exercise: developing standard operating procedures,

and conducting risk control self-assessments across all Fund processes to identify risk and choke points. This will be supplemented by the development of additional internal tools, such as the project risk and opportunity map (PROM), to continue mainstreaming a risk culture; and the rollout of an enterprise risk system to help automate and streamline identification of risks and management of control processes. An expanded internal audit programme of work – targeting 8 internal audits/reviews in 2024 across key high and medium risk areas – will also strengthen the Fund’s internal control framework and the culture of risk awareness, learning, and management. On the policy front, the Secretariat will work with the Risk Management Committee to progress a formal review of the GCF risk management framework policies, expected to extend into 2025/6. It will also commence early scoping on a comprehensive review of the GCF’s approach towards privileges and immunities in line with the Governing Instrument.

38. Across the Secretariat’s priorities, **strengthened onboarding and engagement with the Board and synchronization with the updated Board workplan** will be a critical success factor. The Secretariat hopes to support the Board in updating its workplan for 2024-2027, based on a mid-term planning approach. Part of this will be looking to retire superseded mandates to rationalize a still-extensive Board agenda. During 2024, the Secretariat would like to work with the Board and Co-Chairs to strategize ways to address this important governance issue and better support the Board in prioritizing, consulting, considering and taking timely decisions on key policy issues, as well as appropriately sequencing evaluative inputs from the Independent Evaluation Unit. As presented in relation to access-related policies above, the Secretariat sees an opportunity to move toward a more **deliberate, mid-term approach to Board work planning, policy reviews and updates**, tackling policies as suites and deliberately staging work over multiple Board cycles and even multiple years to avoid double handling and destabilizing policy change, and improve policy coherence and impact. In 2024, the Secretariat will also seek to enhance its support for Board consultations and decision-making through developing a more strategic Board engagement plan, that deliberately factors in multi-cycle planning and consultations in the leadup to policy approvals. The Secretariat will in parallel continue to support the work of the Board’s committees, panels and groups, as well as maintaining accountability to the COP through regular reporting and response to COP guidance.

III. Key performance indicators and reporting metrics

39. To facilitate simplified tracking of implementation, with a stronger focus on results rather than outputs, the 2024 work programme results framework and performance indicators have been streamlined based on the three priorities set out above. Under each priority, the Secretariat has identified a set of ‘intended results’ that articulate the shared intermediate outcomes to which everyone in the Secretariat will contribute, and which align with the programming directions and operational and institutional priorities in the USP-2. To measure progress toward these, the Secretariat is proposing a significantly streamlined set of performance indicators, which capture key deliverables planned for 2024, and mid-term performance indicators designed to measure how well the Secretariat performs over time in directing attention to the key priorities of programming effectiveness, access and efficiency, partner engagement and satisfaction, and employee engagement and satisfaction. Baselines for these indicators will be set as at 1 January 2024, and progressed tracked in Secretariat reporting throughout GCF-2, recognizing that gains may only be realized after 2024. In addition, the Secretariat will continue to monitor and report a wider set of programming and institutional metrics to enable day-to-day management of organizational performance, and facilitate reporting against the USP-2 results frameworks. The updated results framework is set out in Section V (to be published as an addendum). The tables below set out key metrics for

programming and implementation activities in 2024, and reporting against these tables will be included as per past practice in the regular Report on the Activities of the Secretariat.

40. Annual programming goals have always been based on a number of factors, including an assessment of the GCF commitment authority for the coming year and scenarios for financial planning, an understanding of resources available for the Readiness Programme and related workstreams, an evaluation of the Secretariat and AEs' ongoing work and project pipeline, and assumptions regarding both the approval of the Secretariat's budget requests and outstanding policies. In relation to commitment authority, programming goals may be affected by some uncertainty as it relates to realization of contributions as well as fluctuation in currency. Projected implementation outputs are likewise based on assumptions such as the programming projections, current understanding of FAA implementation and disbursement schedules, the impacts of COVID-19, and an understanding of resources available to support implementation.

41. **Table 3** sets out reporting metrics for the readiness programme and PPF:

Table 3: Readiness and Preparatory Support Programme and Project Preparation Facility

| Metrics | | 2024 Projection | |
|--|---|--|---|
| Readiness | New proposals approved for 2024 & approved amount (USD million) ^a | Readiness (non-NAP): 70 (70M) | Total: 84 (112M ³) |
| | | Adaptation planning: 14 (42M) | |
| | Total approved proposals receiving disbursements & disbursed amount (USD million) | Readiness (non-NAP): 80 (40M) / 551 (222M) cumulative | Total: 107 (67M), 658 (385M) cumulative |
| | | Adaptation planning: 27 (27M) / 107 (163M) cumulative | |
| | Share of approved readiness proposals receiving disbursements | 80% | |
| | Total proposals completed & amount (USD million) | Readiness (non-NAP): 55 (34M) / 204 (118M) cumulative | Total: 71 (68M), 228 (168M) Cumulative |
| | | Adaptation planning: 16 (34M) / 24 (50M) cumulative | |
| | Readiness implementation reports reviewed in 2024 | 200 | |
| No-cost extensions and change requests processed in 2024 | 90 | | |
| Project Preparation Facility | New requests approved in 2024 and approved amount (USD million) | 14 PPF requests (9.1M) where at least 9 are from DAEs (5.9M) | |
| | No. PPF grant requests receiving disbursement and amount disbursed (USD million) | 11 PPF grants (9M first and subsequent disbursement) / 67 PPF grants (38M) cumulative PPF Service: 6 (1.4M) | |
| | Total PPF proposals completed and amount (USD million) | Grant modality: 9 (7M) Service modality: 5 (2.2M) | |
| | PPF implementation reports reviewed in 2024 | Service modality: 2 Grants modality: 10 | |

^a This will count proposals approved against 2023 readiness budget, noting the approval cycle runs until March.

³ With the provision to ramp up in Years 2-4

42. **Table 4** sets out reporting metrics for funded activities.

Table 4: Funding proposal programming and implementation

| Metrics | 2024 Projection – sent to iTAP | |
|---|---|---|
| Total new funding proposals and amount sent to the independent Technical Advisory Panel (TAP) in 2024 (USD million) | Public: 23–27 funding proposals (1,222M–1,536M) | Total: 34–41 funding proposals (2,142M–2,636M) |
| | Private: 11–14 funding proposals (920M–1,100M) | |
| Simplified approval process (SAP) proposals and amount sent to independent TAP in 2024 (USD million) | Public: 7–10 funding proposals (105–150M) | Total: 9–13 funding proposals (135M–200M) |
| | Private: 2–3 funding proposals (30–50M) | |
| Direct access proposals and amount sent to independent TAP in 2024 (USD million) | Public: 5–10 funding proposals (2–3 New DAE) (100–200M) ⁴ | Total: 7–13 funding proposals (140M–260M) |
| | Private: 2–3 funding proposals (40–60M) | |
| Adaptation proposals and amount sent to independent TAP in 2024 (USD million), including share to SIDS/LDCs/African States | Public: 12–15 funding proposals (400–500M) ⁵ | Total: 14–19 FPs (480–615M) |
| | Private: 2–4 funding proposals (80–115M) | |
| | Private: 2–4 funding proposals (80–115M) | |
| FAAs signed in 2024 and total FAAs signed | Public: 14–16, 195–197 cumulative | Total: 22 – 26 in 2024, 248–252 cumulative |
| | Private: 8–10, 53–55 cumulative | |
| Share of funding proposals under implementation | 85% | |
| Share of funding proposals receiving disbursements | 80% | |
| Disbursements projected for 2024 | USD 800 million – 1,150 USD million, of which 1st disbursements (USD 350 million – 450 million) and subsequent disbursements (USD 450 million to 700 million) | |
| Funded activity implementation and evaluation reports reviewed in 2024 | 40 | |
| Change requests processed in 2024 | 120 | |

⁴ Average size of DAE public sector projects endorsed by CIC2 is approximately 20M.

⁵ Average size of Adaptation/Cross-cutting CIC2 endorsed projects: 35M

43. **Table 5** set out reporting metrics for accreditation and PSAA.

Table 5: Accreditation, reaccreditation and project-specific assessment approach

| Metrics | 2024 Projection | |
|--|---|-------|
| Number of re-accreditation, upgrade and accreditation applications progressed by the Secretariat from Stage I to Stage II (Step 1) under institutional accreditation in 2024 | Re-accreditation | 20–25 |
| | New accreditation | 0–5 |
| | Stand-alone upgrade | 0–1 |
| Number of first or amended and restated AMAs signed in 2024 | 14 (of which at least 11 are with DAEs) | |
| % of AEs with effective first or amended and restated AMAs | 65% | |
| PSAA institutional assessments completed in 2024 | 10 | |
| AE-level reports reviewed in 2024 | 115 | |

IV. Proposed 2024 administrative budget of the GCF including the Board, the Trustee and the Secretariat

4.1 Introduction

44. The operation of the Board, the Secretariat, and the services provided by the Trustee are supported through an administrative budget approved by the Board against the funds available in the GCF Trust Fund. This document proposes the administrative budget for the 2024 calendar year to support the operations of those three entities. An overview of the proposed 2024 Board, Secretariat and Trustee budget is provided in **Table 6** below. That overview is followed by individual sections covering the Board, the Secretariat and the Trustee.

45. Overall, the budget is nearly flat with previously approved budget levels, allowing growth against execution that is proportional to the Fund’s actual recent growth over time and takes into account the impact of inflation. Before contingency, the budget represents a total decrease of USD 0.6 million (-1%) below the Approved budget baseline which includes the 2023 approved budget and additional capability review approval (Decision B.30/06) for 2024 staff costs.

Table 6: Proposed administrative budget for 2024 (USD in thousands)

| Code | A Budget category/ subcategory | B 2023 approved budget | C 2023 Forecast | D Proposed 2024 budget | E = (D-C)÷C % change over 2023 Forecast | F = (D-B)÷B % change over 2023 Approved |
|------|--------------------------------------|---------------------------------|-----------------------|------------------------------|--|--|
| 1 | Board | 5,415 | 3,429 | 5,947 | 73% | 10% |
| 2 | Secretariat | 102,476 ^a | 84,470 | 99,962 | 18% | -2% |
| 3 | Trustee | 3,116 | 4,736 | 4,531 | -4% | 45% |
| | Total Before Contingency | 111,007 | 92,635 | 110,439 | 19% | -1% |

| | | | | | | |
|--|--|----------------|---------------|----------------|------------|--------------|
| | Contingency | 1,836 | 0 | 1,999 | 100% | 9% |
| | Grand total | 112,843 | 92,635 | 112,439 | 21% | -0.4% |
| | Average Secretariat staff headcount | 315 | 272 | 325 | 19% | 3% |

^aRepresents 2023 Approved Budget and Includes portion of USD 15.7 million approved by decision B.30/06 for additional salaries and emoluments as per capability review of the Secretariat and, USD 57.5 million approved by decision B.30/07 for projected salaries and emoluments in 2024.

4.2 Board budget

46. The costs relating to the Board, detailed in **Table 7**, cover expenditures associated with: logistical arrangements for and travel to Board meetings; Co-Chair, co-chair team and Board representative travel on GCF related missions; and inter-sessional meetings of Board committees, panels and working groups.

Table 7: Board: Proposed administrative budget for 2024 (USD in thousands)

| Code | A Budget category/ subcategory | B 2023 approved budget | C 2023 Forecast | D Proposed 2024 budget | E=(D- C)÷C % change over 2023 Forecast | F=(D-B)÷B % change over 2023 Approved |
|------------|---|---------------------------------|-----------------------|---------------------------------|--|--|
| 1.1 | Board meetings | | | | | |
| 1.1.1 | Board representative travel | 1,224 | 1,042 | 1,261 | 21% | 3% |
| 1.1.2. | Venue and logistics | 1,015 | 549 | 1,015 | 85% | 0% |
| | Sub-total: Board meetings | 2,239 | 1,591 | 2,276 | 43% | 2% |
| 1.2 | Co-Chair and Board representative travel | | | | | |
| 1.2.1 | Co-Chair and Board representative travel | 27 | 0 | 28 | 100% | 3% |
| | Sub-total: Co-Chair and Board representative travel | 27 | 0 | 28 | 100% | 3% |
| 1.3 | Board committees, panels and working groups | | | | | |
| 1.3.1 | Board representative travel | 526 | 172 | 580 | 237% | 10% |
| 1.3.2 | Venue and logistics | 27 | 0 | 32 | 100% | 19% |
| 1.3.3 | Compensation of Board panels: Accreditation Panel ^a | 952 | 490 | 1,452 | 196% | 53% |
| 1.3.4 | Compensation of Board panels: Technical Advisory Panel ^b | 1,645 | 1,175 | 1,580 | 34% | -4% |
| | Sub-total: Board committees, panels and working groups | 3,150 | 1,838 | 3,643 | 98% | 16% |
| | Grand total | 5,415 | 3,429 | 5,947 | 73% | 10% |

^a Assumes six panel members and four technical experts working an average of up to ten days per month, one consultant to conduct performance review of AP and one AP operations support consultant.

^b Assumes ten panel members on monthly fixed honoraria rates, technical consultants and one operation support consultant.

47. The Board meetings budget allows for different modalities for Board meetings next year (in presence or virtual), based upon experience with previous Board budgets, but without prejudging the Board decisions on the number of meetings, the number of days of those meetings, the format of Board meetings or the venue of those meetings in 2024.

48. The Board committees, panels and working groups budget includes budget for the costs related to the Accreditation Panel (AP), Technical Advisory Panel (TAP) and the Indigenous

People Advisory Group (IPAG). Established through the Indigenous Peoples Policy, the IPAG functions to enhance coordination between GCF, accredited entities and executing entities, States and Indigenous Peoples (IPs) in relation to matters concerning IPs. The roles and functions of the IPAG are conducted with the support of the Secretariat. Membership is made up of 6 indigenous representatives for the 1st term 2022-2024.

49. The proposed budget for the TAP is 4% lower than 2023. Estimated TAP travel for Board meetings and GCF events increased slightly, but this is offset by a lower projected use of technical consultants than in previous years. The Increase of USD 0.5 million in the Accreditation Panel budget is the spillover from the approved budget of USD 0.7 million for Updates to the Accreditation Framework (decision B31/06). As per the decision B31/06. Following the launch of the Updates to the Accreditation Framework on 1 April 2023, the procurement of the professional services firms to support the AP in its stage II (re)accreditation review was concluded, with some of the work starting in late 2023. This support will be fully in place and functioning by 2024, hence the spillover expected.

4.3 Secretariat budget

50. The 2024 Secretariat budget has been developed through collaboration across all divisions and offices of the Secretariat and is designed to provide the best estimate of resources to cover the first year of implementation of the USP-2, as well as other priorities set by the Board under related strategy and policy decisions.

51. The 2024 budget represents a big step forward in the maturity of GCF's financial approach and was developed with an overarching financial objective in mind: reducing underutilization to 8% or less of the approved 2024 budget. With staff costs contributing over two thirds of the budget and the Secretariat's monthly headcount approaching 300, the Secretariat used actual average costs for staff (versus estimated costs) and paired that with increased granularity on the recruiting process data to calculate a requested budget that needed a much smaller increase from 2023's approved levels incorporating an anticipated increase in average headcount by 10 for 2024. Similarly, the Secretariat is seeking an increase in the contractual services budget line, which has also historically been underutilized, but reflects an increase in headcount and an increase in the ambition of USP-2.

Table 8: Secretariat: Proposed administrative budget for 2024 (USD in thousands)

| Code | A Budget category/ subcategory | B 2023 approved budget ^a | C 2023 Forecast | D Proposed 2024 budget | E= (D- C)÷C % change over 2023 Forecast | F=(D-B)÷B % change over 2023 Approved |
|------------|--|--|-----------------------|---------------------------------|---|--|
| 2.1 | Salaries and consultants | | | | | |
| 2.1.1 | Full-time staff | 73,241 ^a | 58,641 | 66,967 | 14% | -9% |
| 2.1.2 | Consultancies | 3,347 | 3,633 | 3,939 | 8% | 18% |
| | Sub-total | 76,587 | 62,274 | 70,906 | 14% | -7% |
| 2.2 | Travel | | | | | |
| 2.2.1 | Travel | 2,276 | 2,054 | 3,092 | 51% | 36% |
| 2.2.2 | Secretariat staff travel to attend Board meeting | 255 | 383 | 280 | -27% | 10% |
| | Sub-total | 2,531 | 2,438 | 3,372 | 38% | 33% |



| Code | A Budget category/ subcategory | B 2023 approved budget ^a | C 2023 Forecast | D Proposed 2024 budget | E= (D- C)÷C % change over 2023 Forecast | F=(D-B)÷B % change over 2023 Approved |
|-------|--|--|-----------------------|---------------------------------|---|--|
| 2.3 | Contractual services, general operating, information technology costs | | | | | |
| 2.3.1 | Contractual services | 9,273 | 7,812 | 10,228 | 31% | 10% |
| 2.3.2 | General Operating costs | 3,488 | 1,938 | 3,457 | 78% | -1% |
| 2.3.3 | Information and communication technology | 8,553 | 8,548 | 9,955 | 16% | 16% |
| 2.3.4 | Depreciation | 2,044 | 1,460 | 2,044 | 40% | 0% |
| | Sub-total | 23,358 | 19,759 | 25,683 | 30% | 10% |
| | Total before Contingency | 102,476 | 84,470 | 99,962 | 18% | -2% |
| 2.3.7 | Contingency | 1,836 | 0 | 1,999 | 100% | 9% |
| | Grand total | 104,311 | 84,470 | 101,961 | 21% | -2% |
| | Average staff headcount | 315 | 272 | 325 | 19% | 3% |

^aRepresents 2023 Approved Budget and Includes portion of USD 15.7 million approved by decision B.30/06 for additional salaries and emoluments as per capability review of the Secretariat and, USD 57.5 million approved by decision B.30/07 for projected salaries and emoluments in 2024.

52. **Full-time staff** GCF has been able to execute on its hiring plan for 2023, extending over 100 offers in the 12 months leading up to the writing of this document. Unfortunately, the arrival of those hires into their roles was later than anticipated in the 2023 budget, thus lowering average headcount for the year despite a forecasted headcount of 300 by the end of 2023, based on accepted offers. Actual attrition year-to-date for 2023 is 11%, close to the expected level of 10%. For 2024, we anticipate a higher attrition rate of 17% because of approximately 80 contracts up for renewal, the highest year yet. 2024 assumes an average headcount of 325 through the year and hiring at the same pace as the last 12 months. GCF intends to add 50 headcount to bring the total to 350 by the end of 2024 and replace 51 headcount assuming 17% attrition of the 300 headcount at the start of 2024.

53. **Increased Staffing Budget Accuracy** In prior years, given the size of GCF, attempts were made to anticipate the needs of the organization by assuming staffing costs at an individual position level. The numbers were also small enough that the average arrival time of staff onto the payroll could be volatile based on the idiosyncratic variation of each position. With hiring now at 100 over a 12-month period and 300 forecasted staff, there is a sufficiently large data pool to more accurately predict staff costs and timing of the new hires to the payroll. This improved forecasting has resulted in a request for 2024 budget for staff that is \$6.3 million lower than the 2023 approved budget with capability review additions.

54. **Consultancies** GCF continues to enforce the principles for individual consultants as agreed with the Budget Committee. Consultancy services should not be used for business-as-usual (BAU) work. While there may be a few items in the 2024 budget that are still being transitioned to staff as we execute our hiring plan, those items are greatly reduced from 2023 and GCF has instituted controls on the overall length of consultancy contracts. What is represented here are required individual consultants that are part of any organization (parental leave, emergency leave, ombudsman, mediators), an expanded intern program, as well as individual consultants needed for very short-term specialized skills and surge capacity around

annual items such as the review of annual performance reports which share a common deadline. The requested 2024 budget represents an 8% increase over the actual expenditures in 2023 that followed the same guidelines described here and considers growth of GCF's headcount and inflation.

55. **Travel.** Travel continues to be a well-executed budget line with constant requests for travel sent to divisions from partners. With the challenges of the past 3 years, travel across each division of the Secretariat has recovered in very uneven ways and the Secretariat has taken a new approach this year in constructing a travel budget that incorporates the growth of Secretariat, inflation and the workplan, particularly, the renewed focus on country and DAE engagement. While the request is 51% above the forecast for 2023, it is representative of the broader ambition of coordinating with partner organizations pending the Board's consideration of establishing more structured regional presence, growing to an average headcount of 325 that will allow more staff time for partner engagement, while still utilizing remote and hybrid tools as best as possible.

56. **Contractual services.** Contractual services (historically referred to as professional services) continued to be a challenge to execute in 2023. As of end Q1, the procurement team was fully staffed after being severely under resourced in 2022. The team has spent 2023 making changes to streamline the procurement process, including delegating authority for smaller contracts and shifting more contracts to long term agreements. The largest procurement requests incorporated into this line are related to external legal counsel and outsourced human resource tasks including senior recruitment. These items are largely reactive and dependent on both the pipeline of deals, particularly in the private sector, as well as staff departures. Both of these items are difficult to forecast, and the Secretariat continues to explore ways of improving the accuracy of budget requests which might be better handled in a contingency line. Additionally, this line mainstreams budgeting for the implementation of enhanced modalities approved by the Board, including the updated SAP and PSAA, where external firms are being used to supplement Secretariat capacity. It also includes a number of one-off initiatives to support implementation of key priorities under the USP-2, as well as more structured workplans on data and knowledge. In total, the Secretariat is looking to move toward fuller execution of this budget line, which a shift to multi-year budgeting would support.

57. The communications and outreach budget captured in the contractual services line sees an increase from a low base in 2024, reflecting the priority placed in under the USP-2 and in the work programme on strengthening the external understanding of GCF's results and impact under a renewed communications, outreach and advocacy strategy. The bulk of this increase is for content generation and sharing, including storytelling from GCF's projects on the ground and a sharper focus on conversion of underlying information to useable, accessible content. A necessary major website upgrade is also planned for 2024.

58. **Information and communication technology (ICT).** The information and communication technology budget can be broken down into two main parts, BAU and investment. This line is typically 100% executed, as shown by the 2023 forecast, as the primary drivers are software licenses and support contracts which roll over from year to year. GCF's core technology has reached a complete solution in many areas and now the focus is on improvements. The ERP system is the biggest example of this and a part of the increase in costs is the need to run two systems at once in parallel until processes can be fully migrated and legacy systems shut down. We expect the savings from the ERP will not show up until 2025. Thus, there is an additional request for the investment portion of the budget of USD 1.4 million, of which USD 500k is for the Oracle license. Through 2023 and the course of the 2024 budgeting process, two major themes appeared within the Secretariat across multiple divisions around data and the use of artificial intelligence (AI). Recognizing this is an institution-wide matter, the

Secretariat is organizing a strategy to launch in 2024 and thus, all of these items were consolidated and rationalized with ICT as an additional USD 900k.

59. **General Operating Costs (GOC).** The GOC line of the budget is the catch all for other items that don't neatly fit in other areas of the budget and are also a mix of BAU items and special project items. It represents 3% of the 2024 requested budget and the request is roughly flat year-over-year. BAU items make up roughly half of the line items and include utilities, corporate security, air filters, plant service, etc. For 2023, almost USD 1.0 million of the GOC budget line was dedicated to the G-Tower restack which was not needed and explains almost all of the under execution of the GOC budget. With the addition of so many new staff and in efforts of creating a collaborative and trusting work culture, additional budget has been added for staff convening both corporate-wide and at the division and office levels.

60. **Depreciation.** Delays to the opening of GCF's Seoul liaison center and securing additional space in the IBS tower contributed partially to the shortfall in depreciation, however, the bulk of the shortfall in depreciation is the delay in capital expenditure for Oracle's ERP System, due to the downstream effects of challenges recruiting specialist expertise. After signing the contract in June 2023, the project is underway and on schedule for completion of the finance, procurement and treasury modules in 2024. This is one of the largest capital investments GCF has made in systems to date, targeting efficiency gains, controls improvement, and increased transparency and productivity.

61. **Contingency.** Contingency is a standard 2% of budget and while the funds are set aside, accessing them needs Budget Committee consultation. Given the ambitious goals of the Secretariat to get as close to 100% execution as possible, there is a much higher chance of the Secretariat seeking to access the contingency budget in 2024. With the planned move to a new budget framework that incorporates multiple year budgeting, it would be worth exploring modifications to this budget item in that context that might include an increase in size, movement to a higher all-inclusive GCF line to cover independent units as well, and removal of the need to consult with the Budget Committee.

4.4 GCF Trustee (World Bank) Workplan and Estimated costs for CY 2024 (as submitted by the Trustee)

Table 9: Estimated Costs (USD in thousands)

| Code | | B 2023 approved budget | C 2023 Forecast | D Proposed 2024 budget | E= (D- C)÷C % change over 2023 Forecast | F=(D-B)÷B % change over 2023 Approved |
|------|------------------------------------|---------------------------------|-----------------------|---------------------------------|--|--|
| 1.1 | Financial and programme management | 941 | 941 | 971 | 3% | 3% |
| 1.2 | Investment Management | 1,980 | 3,600 | 3,375 | -6% | 70% |
| 1.3 | Accounting and reporting | 83 | 83 | 83 | 0% | 0% |
| 1.4 | Legal services | 112 | 112 | 102 | -9% | -9% |
| | Total | 3,116 | 4,736 | 4,531 | -4% | 45% |

Trustee Workplan Description

62. The World Bank as Trustee provides a range of services for the Green Climate Fund (GCF) as defined in the Terms and Conditions for the Administration of the GCF Trust Fund. The

administrative budget for the trustee services provided to GCF is presented in four categories: Financial and Program Management; Investment Management; Accounting and Reporting; and Legal Services.

63. **Financial and Program Management** fee covers services related to management and execution of financial transactions, including receiving and processing of contributions, recording allocations and commitments, executing cash transfers to recipients using World Bank financial systems and procedures, and regular financial reporting for the GCF Trust Fund. It includes collaboration with the GCF Secretariat, responding to day-to-day enquiries from the Secretariat, Contributors and other GCF constituencies and stakeholders, as well as ad hoc advisory and customized services as agreed with the GCF Secretariat.

GCF and Trustee Systems Integration

64. Following the selection by GCF of its ERP system provider in CY2023, the GCF Secretariat and the Trustee have initiated consultations on the integration of GCF and Trustee systems with the objective of facilitating the exchange of information and automate the reporting- and transaction-related processes. The consultations around the possible integration options, scope of the integration areas, and sequencing of implementation are still ongoing.

65. Submission of cash transfer requests is an initial area of integration that has been discussed with the GCF Secretariat for implementation in CY2024. This is pending final agreement with the GCF Secretariat to move ahead with this workstream. This scope of work will include setting up and testing of a secure encryption model between the Trustee and GCF Secretariat and will allow for a direct linkage from the GCF's ERP system through to the Trustee system. This will allow direct and secure messaging of requests from the GCF and confirmation of the status of each cash transfer request back to the GCF. Once this platform and foundation of connection has been established, other data streams can be exchanged between the systems to allow for a broader range of data points such as processing of allocation commitment requests, exchange of data on contributions received, automation of project reflow notifications and processing, and reporting of funding availability.

66. An initial budget of US\$ 75,000 for CY2024 is included for this workstream under the Financial and Program Management category, subject to adjustment by end-2024 based on actual costs for the workstream.

67. **Investment Management** fees are calculated based on a flat fee of 4.5 basis points (i.e. 0.045%) of the estimated average annual balance of the undisbursed cash in the GCF Trust Fund. For the purpose of the budget estimate for CY2024, an average annual cash balance of US\$ 7.5 billion is assumed, based on information provided by the GCF Secretariat. Actual investment management costs may vary depending on the actual average liquidity balance in the GCF Trust Fund during CY2024.

68. **Accounting and Reporting** fee covers services including the management of the accounting model for the GCF Trust Fund, clearance of agreements, and maintenance of appropriate records, accounts and systems to support financial reporting.

69. **Legal Services** fee covers services including drafting, negotiation and preparing contribution agreements/arrangements and amendments, and other legal agreements, as needed. It also covers providing policy advice and legal review on issues raised by the GCF Board and others, including on matters related to the GCF-2 Replenishment process, as they may impact the GCF Trust Fund and the services of the Trustee.

V. 2024 Secretariat Work Programme Results Framework

The table below sets out the proposed streamlined results framework for the 2024 Secretariat work programme. Under each objective it captures the intermediate intended outcomes the Secretariat will work toward, key deliverables planned for 2024, and the mid-term performance indicators that will be used to track progress, recognizing gains may only be realized after 2024. The Secretariat will develop baselines for performance indicators as at 1 January 2024, and commence tracking through the Report on the Activities of the Secretariat in 2024.

| Objective | # | Intended outcomes | Key 2024 deliverables | Mid-term progress indicators |
|--|--|---|---|---|
| 1. Enhancing country ownership and access | 1.A | Definition of GCF partnerships model | Partnerships and access strategy presented by B.39 | 1.1 Share of AE/DAEs in AE network actively programming (approved PPF or FP) with GCF |
| | 1.B | Execution of strategic approach to accreditation, reaccreditation and PSAA supporting USP-2 programming | Reformed accreditation framework presented by B.40 | 1.2 Reduction in median time for accreditation, readiness, PAP & SAP proposals |
| | 1.C | Strengthened country capacity for NDC/NAP/LTS investment planning and inclusive, country-driven origination of GCF pipeline with suitable AEs | Execution of updated readiness strategy, country programming and investment planning pilots, and associated origination engagement through 2024 | 1.3 Number of countries directly supported to advance NDC/ NAP/LTS implementation through integrated climate investment planning and/or GCF pipeline (approved PPF or FP) |
| | 1.D | Strengthened DAE capacity for climate programming & implementation to support a doubling of DAEs with approved FPs | Execution of updated direct access action plan through 2024 | 1.4 Share of approved readiness programme grants being deployed for investment planning and GCF pipeline development |
| | 1.E | Predictable, transparent, coherent, streamlined GCF policies and processes | Completion of process mapping and study of potential for reliance on AE policies by Q2. Conduct baseline survey on client satisfaction by Q4. | 1.5 Share of new concept notes/ funding proposals entering the GCF pipeline (CIC-2 cleared) from country-led channels, including country programmes |
| | 1.F | Increased SAP proposals and speed of SAP delivery | Implementation of SAP fast-tracking modality for CIEWS and other pilots through 2024 | 1.6 Improved client satisfaction |
| | <i>Associated USP-2 goals for 2024-2027:</i> <ul style="list-style-type: none"> • <i>Target 1: More than 100 developing countries directly supported by GCF to advance implementation of NDCs/NAPs/ LTS through integrated climate investment planning and/or developing high quality climate project pipelines for GCF</i> • <i>Target 2: Doubling the number of DAEs with approved GCF FPs</i> | | | |

| Objective | # | Intended outcomes | Key 2024 deliverables | Mid-term progress indicators |
|---|-----|--|---|---|
| | | <ul style="list-style-type: none"> 5.1(b) Reducing median times to process accreditation, readiness, PAP and SAP proposals from review to first disbursement | | |
| 2. Delivering impact and results | 2.A | Strengthened focus on people and communities affected by climate change, and access to adaptation finance for the particularly vulnerable | Mapping of underserved adaptation finance 'blind spots' (incl. fragile/conflict affected) and programming roadmap for reaching particularly vulnerable by Q3; execution of initiatives for inclusive stakeholder engagement through 2024. | 2.1 Share of particularly vulnerable countries/people underserved by adaptation finance reached by GCF adaptation funding 2.2 Progress toward delivery of USP-2 programming directions and portfolio allocation parameters |
| | 2.B | Country-driven programming aligned with GCF-2 results and allocation targets (countries supported, mitigation, adaptation, share to vulnerable, DAE, PSF and targeted results) | Projected number and volume of funding proposals submitted to ITAP (with disaggregations) in 2024 contributing to USP-2 programming directions | 2.3 Proportion of projects with challenges on which action is taken during the year (proactivity index) |
| | 2.C | Upscaled programming on climate information and early warning systems, locally led action, inclusive innovation, and engaging national and regional financial institutions | | 2.4 Share of approved portfolio for which case studies on results, success stories and/or lessons learned have been generated |
| | 2.D | Assurance of GCF portfolio quality at entry and in implementation through a risk-based appraisal and adaptive management approach | Completion of diagnostic on restructuring in the portfolio and challenges in implementation by Q4 | 2.5 Improved brand awareness |
| | 2.E | Strengthened systems and capacity for managing results and harnessing knowledge | Update of knowledge, results and data strategy by Q3 and execution of associated workplan through 2024 | 2.6 Progress toward harmonization of policies/processes with other climate funds |
| | 2.F | Raised GCF global profile with deeper understanding of the Fund's value-add and impact | Execution of updated communications, outreach and advocacy strategy through 2024 | |

| Objective | # | Intended outcomes | Key 2024 deliverables | Mid-term progress indicators |
|--|---|---|---|---|
| | 2.G | Improved complementarity and coherence in the climate finance architecture | Development of complementarity and coherence roadmap by B.38 and proposal on process/ policy harmonization by B.40 | |
| <i>Associated USP-2 goals for 2024-2027:</i> <ul style="list-style-type: none"> • 3.2 Programming priorities & portfolio allocations • Targeted results 3-11 • 5.1(b) Maintaining a high portfolio implementation rate (readiness and funded activities) • 5.1(c) & (d) on access; 5.2(c) & (d) on results, knowledge and learning and GCF profile | | | | |
| 3. Focusing on people and performance | 3.A | Alignment of institutional capacity, resourcing, talent and culture with the GCF strategy and values | Updated human resource policies and budgeting framework presented to B.38-B.39, shifting to multi-annual work planning and budgeting approach by B.40 | 3.1 Increase in net promoter score from staff survey (employee satisfaction index) |
| | 3.B | Efficient and effective institutional systems and processes based on sound risk management and harnessing the power of data | Completion of process risk mapping by Q2 and updated data vision, strategy and workplan by Q3. Presentation of updated risk appetite statement by B.40. | 3.2 Capacity savings from data and process automation and reform 3.3 Share of identified priority actions from internal risks assessments and audits proactively addressed |
| | 3.C | Effective governance and support for the Board | Updated Board workplan for 2024-2027 presented by B.38 and executed through 2024 | 3.4 Share of strategy/policy items on updated Board 2024-2027 workplan concluded |
| | <i>Associated USP-2 goals: for 2024-2027</i> <ul style="list-style-type: none"> • 5.2(a), (b) & (d) on governance and risk management, policies and safeguards and organizational capacity | | | |

Appendix I: Output-based budget

Context for the consideration on an output-based budget

1. Outcomes-based budgeting may be defined as a budgeting process that reflects the link between funding received and expected results. If the consideration is for long-term results, the budget will be referred to as an outcomes-based budget. On the other hand, if the results being considered are the services being offered or goods being produced, then the budget will be referred to as an output-based budget.
2. The process of developing an output-based budget usually follows the steps outlined below:
 - (i) Setting of objectives based on priorities. Key outputs must also be outlined and communicated.
 - (ii) Outline of projects or activities necessary for achievement of stated objectives and the key divisions in charge of delivering the objectives/outputs.
 - (iii) Identification of performance indicators and means of measuring results.
 - (iv) Assigning of costs to the projects or activities identified in step II. These are usually aligned with the divisions in charge of the delivering the objectives.
 - (v) Assessment of the performance against the planned budget using the performance criteria developed in step III; and,
 - (vi) Correction of identified deviations by reassigning resources.
3. For a fund like the GCF whose outcomes are long-term in nature and not wholly in its control, it is more practical to consider the impact of the funding allocation on the services provided (i.e. output level).

GCF Administrative budget context

4. Over the past four years the Secretariat has taken significant steps to coordinate its work across all of its divisions so that activities are not undertaken in unit-specific silos. While this coordination brings better efficiencies across the entire activity, at the outset accountability and resources require more detailed allocation during the budget process.
5. The 2024 output-based budget approach reflects the same approach used for the first time in 2020 and then in 2021-23. In this context, it is important to note that almost 66 per cent of the 2024 Secretariat's administrative budget is allocated to staff costs. The Staff and consultant costs, professional services and the information and communication technology budget account for about 88 per cent of the 2023 Secretariat budget. While attributing costs to the Secretariat's three 2024 priorities, a number of important assumptions were made, e.g. on how much staff time will be used to accomplish a certain output, how much professional services firm time will be contributing to which of the outputs etc. The Secretariat has used estimates to derive related figures. In that regard, the secretariat is rolling out an Enterprise Resource Planning system that will continuously monitor costs in line with the performance objectives.
6. As noted above, most of the GCF's key outputs (be they projects submitted/implemented or policies approved) are not within the sole control of the Secretariat. These and other factors make the application of an output-based framework to our administrative budget

a difficult and imprecise undertaking. The Secretariat will continue to monitor progress and work towards improving the usefulness of the information presented here.

7. The 2024 effort towards output-based budgeting uses the broad 2024 work programme priorities/goals as a structural framework for providing an indicative illustration of the level of funding that is going to different broad workstreams of the Secretariat’s work. In that framework, and as outlined below, different workstreams have been associated with the three broad priorities that have been included in the 2024 work programme, and efforts have been made to attribute staff time and other budget components (contractual services, consultants and travel) to those priorities. Output-based budgets are formulated based on management’s assessment of outputs of various divisions.

Table 10: Output-based budget summary

| Strategic Objective Description | Budgeted amount (USD in thousands) |
|--|---|
| 01- Enhancing country ownership and access to GCF funding | 30,514 |
| 02- Delivery of impact and results | 44,102 |
| 03- Focusing on people and performance | 27,346 |
| Total | 101,961 |

Table 11: Output-based budget details

| Strategic Objective Description | Budgeted amount (in USD thousands) |
|--|---|
| 01- Enhancing country ownership and access to GCF funding | 30,514 |
| Full-time Staff | 20,986 |
| Consultants | 1,280 |
| Travel | 1,214 |
| Contractual Services | 1,083 |
| Other Operating Costs | 5,950 |
| 02- Delivery of impact and results | 44,102 |
| Full-time Staff | 28,463 |
| Consultants | 1,794 |
| Travel | 1,622 |
| Contractual Services | 4,152 |
| Other Operating Costs | 8,070 |
| 03- Focusing on people and performance | 27,346 |
| Full-time Staff | 17,518 |
| Consultants | 865 |
| Travel | 536 |
| Contractual Services | 3,460 |
| Other Operating Costs | 4,967 |
| Grand Total | 101,961 |

Appendix II: Total administrative budget including independent units (USD in thousands)

Table 12: Total administrative budget

| | A Budget category/ subcategory | B 2023 approved budget | C 2023 Forecast | D Proposed 2024 budget | E= (D- C)÷C % change over 2023 Forecast | F=(D-B)÷B % change over 2023 Approved |
|---|--------------------------------------|---------------------------------|-----------------------|------------------------------|---|--|
| 1 | Board | 5,415 | 3,429 | 5,947 | 73% | 10% |
| 2 | Secretariat | 102,476 | 84,470 | 99,962 | 18% | -2% |
| 3 | Trustee | 3,116 | 4,736 | 4,531 | -4% | 45% |
| 4 | Contingency | 1,836 | - | 1,999 | N/A | 9% |
| 5 | Independent Units | | | | | |
| | Independent Redress Mechanism | 1,842 | 1,401 | 1,993 | 42% | 8% |
| | Independent Integrity Unit | 3,333 | 3,308 | 3,601 | 9% | 8% |
| | Independent Evaluation Unit | 7,096 | 5,721 | 7,649 | 34% | 8% |
| | Grand total | 125,114 | 103,065 | 125,682 | 22% | 0.5% |

^a Includes USD 1.9 million approved by decision B.34/20 for adjustment of the GCF salary scales.

^b Includes USD 15.7 million approved by decision B.30/06 for additional salaries and emoluments in 2024 as per capability review of the Secretariat and , USD 57.5 million approved by decision B.30/07 for projected salaries and emoluments in 2024.