

## Annex III: Performance-Related Pay System for Board Officials

### Background

1. Section 5, page 73 of the Administrative Guidelines on Human Resources defines the philosophy and principles of the Green Climate Fund's (Fund) salary increase for its Secretariat. The Fund's compensation policy enables the recruitment and retention of staff of an appropriate caliber while maintaining internal equity and remaining conscious of providing value for money.
2. The design of performance-related pay system for Board-Appointed Officials takes into account the fact that these senior leadership positions have a direct and meaningful impact on the achievement of overall Fund objectives and models the performance-based culture of the Fund. The performance pay policy for Board-Appointed Officials ensures harmonization and equity with Secretariat staff.
3. The objective of the annual performance-based pay system is to recognize performance that is linked to the overall Fund's objectives and provides a salary progression closer to the midpoint of the salary level, subject to budget availability.

### Timing

- (a) Effective 1 January for the previous performance review period (January-December).

### Eligibility

- (a) The incumbent should have successfully completed the probation period, or any other similar clause linked to the first year of service;
- (b) The incumbent must have worked for at least six (6) months in the previous performance year to enable the Rater to assess the performance;
- (c) The performance evaluation should be completed and signed off by the Rater and the Board-Appointed Official, and the final performance rating should have been recorded in the relevant Secretariat-approved system;
- (d) The Board-Appointed Official should have received a performance rating of at least "successfully meets expectation" or "exceeds expectation" to be eligible for performance pay;
- (e) On renewal or extension of contract, the period of service under the two contracts are considered as continuous service for the purpose of performance-based pay; and
- (f) Board-Appointed Officials with less than one year of service as of 31 December will get a prorated pay increase percentage.

### Base Salary Increase Percentage

- (a) The actual base salary increase applicable will be determined on an annual basis considering various factors like budget considerations, Secretariat Salary Increase (SI) matrix, market movement of similar roles, inflation and any other factor that may be deemed important for these roles. The Secretariat SI matrix will be adopted with the following exceptions:
  - (i) A salary increase is granted when the performance rating is at least "successfully meets expectation";



- (ii) The amount of salary increase will be capped so that the base salary is, at maximum, at the midpoint of the salary level. A salary increase beyond the maximum may be considered in cases where the performance rating is “exceeds expectation”.

### **Administration**

- (a) The Budget Committee assigns a budget for Board-Appointed Officials following the guidelines used by the Secretariat for budgeting;
  - (b) Performance pay increase process should be completed at the same time as the Secretariat implementation for all other staff;
  - (c) The Performance Oversight Committee is delegated the authority to approve the annual base salary increases, subject to budget availability; and
  - (d) The Secretariat HR team manages the administration process of seeking annual recommendations, submitting these for approval, issuing letters to staff and clarifying on guidelines.
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