



**GREEN  
CLIMATE  
FUND**

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# Revised administrative budget and staffing of the Secretariat for 2016

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## **Summary**

This document builds on documents B.11/11 on staffing and B.11/12 on the administrative budget for 2016-2018, considered by the Board at its eleventh meeting. The Secretariat needs to be equipped with the necessary tools and adequate resources to support the Board in the realization of the more ambitious level of funding decisions. To this end, the revised staffing requirements and the budgetary implications are presented in this document. It also provides a brief justification for the need to strengthen the Secretariat in order to carry out its mandate and serve the Green Climate Fund more effectively.

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## I. Introduction

1. The proposed budget and staffing needs of the Secretariat for 2016-2018 was presented to the Board at its eleventh meeting. The Board approved a total budget of USD 29,157,227 for 2016 and requested the Secretariat to present a revised budget proposal that responds to the Strategic Plan for the Green Climate Fund (GCF) for consideration by the Board at its thirteenth meeting (decision B.11/08). The Board deferred its decision on the additional staffing requirements and the corresponding budget, pending consideration of the Fund Strategic Plan and Work Plan for 2016.

2. In view of the urgent need to strengthen the Secretariat while the Strategic Plan is being considered, this document proposes a revised budget and staffing needs for 2016 on the basis of further guidance given by the Board at its eleventh meeting and the informal Board dialogue meeting held in Cape Town in February 2016. It proposes a revised budget with additional staff and non-staff costs to cover increased work related to the much higher aspirational funding commitment.

## II. Basic expertise and structure

3. The rationale for the proposed increase of the administrative budget and staff had been provided in documents B.11/11 and B.11/12, which were considered by the Board at its eleventh meeting. Irrespective of the workload and intensity of due diligence, the Secretariat needs to build a minimum capacity, infrastructure and expertise to fulfil its basic mandate. The first priority is therefore to obtain skills and appropriate tools to build the basic structure required to perform the core functions assigned to the Secretariat. These include the establishment and maintenance of:

- (a) Portfolio development and management capacity;
- (b) Expertise and knowledge management in each thematic area related to climate change mitigation and adaptation;
- (c) Support to National Designated Authorities (NDAs), focal points, Accredited Entities (AEs) and other stakeholders; and
- (d) Institutional support in financial, legal, communications, HR, administrative and logistical areas.

4. Taking into account such basic structure and minimum number of experts, the Secretariat proposed for Board's consideration at B.11 an increase of 42 new positions, bringing the total to 98 in 2016<sup>1</sup>, with the possibility of a gradual increase by 15 per cent in 2017 and 2018 respectively. This proposal was based on the assumption that the annual funding commitment would range between USD 1.2 and USD 1.4 billion dollars. For ease of reference, this proposal is summarized below in table 1.<sup>2</sup>

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<sup>1</sup> An increase of 33 IS and nine AS positions, bringing the total of international staff to 79 and administrative staff to 19.

<sup>2</sup> The main functions in each area of activity are summarized in Annex 1 to this document.

**Table 1. Initial proposal of increase in staffing presented at B.11**

Areas of activities	Current	Proposed at B.11
Executive direction and management, including	4 (3 IS; 1 AS)	7 (5 IS; 2 AS)
Country and AE relationship management and	12 (11 IS; 1 AS)	16 (14 IS; 2 AS)
Portfolio development and management	14 (12 IS; 2 AS)	31 (29 IS; 2 AS)
Financial, legal and administrative support to the	23 (17 IS; 6 AS)	38 (25 IS; 13 AS)
Risk management, compliance and internal audit	3 IS	6 IS
<b>Total</b>	<b>56 (46 IS; 10 AS)</b>	<b>98 (78 IS; 19 AS)</b>

### III. Revised budget and staffing requirements

5. It is a strategic objective of the Board to strengthen the Secretariat in all its areas of activities, including readiness, project preparation facility, managing Request for Proposals (RFPs), risk management and monitoring and accountability, and communication and outreach. To achieve GCF's operational mandate and a higher level of funding target, the Board plans to build and maintain adequate institutional capabilities, including a well-staffed Secretariat that can deliver all essential functions.

6. The Secretariat reviewed its workload further in line with the Board's objective to enhance pipeline development and funding target. However, the size of its staff is determined, not only by the level of funding target and the type of expertise required, but also by the extent to which the Secretariat is mandated to support the Board in its strategic and operational priorities, specifically:

- (a) The level of involvement in project development and management functions;
- (b) The number of Board meetings and support to its various committees;
- (c) Strategic partnering with entities and engaging service providers;
- (d) The intensity of support provided to NDAs and AEs, including the readiness programme;
- (e) The level of institutional capacity in legal, financial and administrative support to the Board and GCF; and
- (f) Risk management, compliance and audit capacities.

#### 3.1 Project development and management functions

7. The capacity of the Secretariat in portfolio development and management needs to be strengthened, acquiring skills to build basic expertise in its core function of developing and managing projects and to strengthen its knowledge base on various subject matters.

8. Expertise in the key investment framework instruments need to be developed and strengthened. This will include thematic expertise (clean energy, forestry, agriculture and food, water management, waste management, urban transportation, resilience and disaster risk reduction), as well as subject matter expertise with GCF's financial instruments and in compliance (environmental and social safeguards, monitoring and evaluation, logic framework, and fiduciary safeguards).

9. Portfolio management function is yet to be established. New capacity will have to be acquired to build expertise in portfolio monitoring and evaluation, conducting periodic reviews, triggering the disbursement of funds and taking remedial actions. The need for establishing this team was articulated at B.11. However, it would need to be strengthened as the funding

increases to increase efficiency in managing disbursement processes, monitoring and evaluation.

## 3.2 Country relationship and stakeholder support

10. In the area of country dialogue, a number of new positions will be required to ensure that the 139 NDAs and focal points as well as increasing number of AEs are supported effectively. The Country Programming function, which lays at the heart of the GCF business model, is built on the principle of country ownership. It will continue with its current responsibilities, including through the readiness programme, to ensure:

- (a) Responsiveness to countries and effective delivery of assistance in capacity building and pipeline development (readiness programme);
- (b) Proactive relationship management of the network of AEs and capacity building; and
- (c) Full compliance of country programmes and pipelines with country's strategic vision.

## 3.3 Institutional support (Secretary to the Board, Legal, Finance and administrative services)

11. Efficient support to the GCF will be ensured by strengthening its secretary's team to handle the increasing work of processing documents and maintaining regular consultation with co-chairs, Board members and various stakeholders to follow up on decisions made and inputs required for Board meetings. The liaison with the UNFCCC process, which is provided by this team, also needs to be more effective to ensure responsiveness to guidance provided by the Conference of the Parties (COP).

12. Capacity relating to the function of the legal team must be enhanced in preparation for the intensive work relating to drafting and negotiating:

- (a) Accreditation Master Agreements (AMAs) with all accredited entities;
- (b) Terms sheets in respect of funding proposals,
- (c) Funded activity agreements following Board approval of funding proposals;
- (d) Bilateral P&I agreements; and
- (e) Contributions agreements.

13. In addition, institutional and administrative contracts need to be reviewed and due diligence performed. Eventually, capacity to deal with litigation will have to be developed.

14. The Information Disclosure Policy tabled in B.12 for Board consideration will require appropriate staff for immediate implementation

15. To increase its effectiveness and efficiency in its support to the expanding activities of the GCF and all divisions, the capacity of support services in human resources, financial management, ICT services, travel and procurement will have to be strengthened proportionally.

16. The Board has identified communications as a core function of GCF that cuts across all of its operational activities. Through its outreach activities, GCF will enhance cooperation with strategic partners, and complement efforts in resource mobilization and obtaining high-quality funding proposals.

### 3.4 Risk management, compliance and audit

17. Currently, GCF has only one risk management position. More experts in this field are paramount to assess the underlying risk for each project and programme, as well as, all areas of risk to GCF already identified by the Board, including identified policy gaps and its corresponding manuals, such as: investment and credit; asset and liability management; foreign exchange hedging; and liquidity risk management.

18. As regards internal control and audit, only one position is available to carry out internal audit, which is not adequate. In order to conduct a comprehensive yearly audit plan for the Fund, it is necessary to create an adequately staffed team of Internal Audit.

19. Similarly there is only position approved under the compliance specialist and the GCF would require additional staff to implement AML/CFT/KYC policies.

### 3.5 Summary of additional staffing requirements

20. The budget level options presented in table 2 below are estimated upon considering the need for building the basic foundation and the enhanced work required to achieve the aspirational targets for 2016 and 2017. Both options are based on the assumption of an aspirational target of USD 2.5 billion, the steady increase of new AEs per Board meeting as in 2015, legal expenses related to due diligence are to be incorporated in the funding proposals; information disclosure policy fully implemented by the Secretariat; salary scale based on ADB's structure for 2016, and the need for continuous training and development.

21. In additions, option 1 is based on the assumption:

- (a) Secretariat to perform a "soft second level due diligence", i.e. "compilation and transmittal";
- (b) Average size of projects/programmes, ranging from USD 40 million to USD 80 million per project, thus aiming at about 15 to 20 projects per Board meeting; and
- (c) Building up full portfolio management capability.

22. Option 2 is based on the following assumptions:

- (a) Secretariat to perform a more elaborate second level due diligence.
- (b) Average size of projects/programmes, ranging from USD 20 million to USD 30 million per project, thus aiming at 25 to 40 projects per Board meeting; and
- (c) Further strengthening of portfolio management and institutional support.

**Table 2. Revised proposal of increase in staffing\***

Areas of activities	Based on option 1	Based on option 2
Executive direction and management	5 (3 IS; 2 AS)	5 (3 IS; 2 AS)
Communication unit	7 (7 IS)	7 (7 IS)
Country and AE relationship management and readiness programme	21 (19 IS; 2 AS)	26 (23 IS; 3 AS)
Portfolio development and management	43 (39 IS; 4 AS)	63 (58 IS; 5 AS)
Finance, legal and administrative support to GCF	53 (37 IS; 16 AS)	64 (45 IS; 19 AS)
Risk management, compliance and audit	11 (10 IS; 1 AS)	15 (14 IS; 1 AS)
<b>Total</b>	<b>140 (115 IS; 25 AS)</b>	<b>180 (150 IS; 30 AS)</b>

\*For more detailed description of positions, see annex 3 to this document.

#### **IV. Recruitment plan and timely delivery of work**

23. The draft work plan of the Secretariat, which is subject to adjustment based on the Strategic Plan of the Fund, is attached as annex 2 to this document. Naturally, the plan can only be implemented if the Secretariat is staffed at an appropriate level. Upon the approval of the new positions by the Board, the Secretariat will start immediately the recruitment process to bring on board the relevant experts as soon as possible. However, given the challenges in hiring new staff as explained document GCF/B.11/11, filling staff positions will take several months and may adversely affect the timely delivery of work.

24. At the same time, the Secretariat will try to find various ways to carry the workload, including through partnering with other entities and using temporary staff and consultants, subject to availability of financial resources and due procurement procedures.

#### **V. Budgetary Implications**

25. GCF's administrative budget comprises of three components covering activities relating to the Board, the Secretariat and the Trustee. At B.11, the Board approved a total of USD 29.15 million for 2016 (of which USD 3.64 million for the Board, USD 24.64 for the Secretariat and USD 0.87 million for the Trustee).

26. **Board:** The costs relating the Board's activities will increase as summarized in table 3 below, considering:

- (a) Its decision to have four meetings and possibly more informal meetings in 2016; and
- (b) The recruitment of an executive search firm for the Head of Independent Units (IUs) and the need for additional activities of the ITAP to evaluate an increased number of funding proposals in order to accomplish a higher target of funding. In view of this, the Board's budget is proposed to be increased by about 0.77 million, bringing the total to USD 4.4 mm in 2016. Should the Board make new decisions with additional financial implication, the budget may be reviewed accordingly.

**Table 3. Revised Board budget 2016**

	Approved 2016 Budget at B.11	Revised 2016 budget	Increase
Board meetings	1,322,000	1,696,000	374,000
Co-Chair and Board representative travel	22,500	22,500	-
Board committees, panels and working groups	1,491,000	1,889,640	398,649
Accountability Units	800,053	800,053	-
<b>Grand total</b>	<b>3,635,553</b>	<b>4,408,193</b>	<b>772,640</b>

27. **Secretariat:** The budgetary implication of the proposed increase in staff and non-staff elements are summarized in table 4 below<sup>3</sup>, reflecting a revised budget for each of the options outlined above. Option 1 is based on staffing level of 140 positions, while option 2 is based on 180 position.

**Table 4. Revised Secretariat budget 2016 assuming options 1 and 2**

	Approved 2016 Budget at B.11	Revised 2016 budget (Option 1)	Revised 2016 budget (Option 2)
<b>Staff costs</b>			
approved positions	11,359,464	11,359,464	11,359,464
new positions <sup>1</sup>	-	9,234,571	12,935,478
<b>Sub-total</b>	<b>11,359,464</b>	<b>20,594,035</b>	<b>24,294,942</b>
<b>Non staff costs</b>	<b>13,286,410</b>	<b>14,849,265</b>	<b>15,350,524</b>
<b>Grand total</b>	<b>24,645,874</b>	<b>35,443,300</b>	<b>39,645,467</b>

28. The revised budget for the secretariat in 2016, will amount to USD 35.44 million under option 1 and USD 39.6 million under option 2. It is assumed that new positions will be filled for an average of six months in 2016. Hence the full budget impact will not be felt until 2017 when the new positions are filled in the full year. Non-staff costs including contractual services, travel and communication costs will also increase slightly by about USD 1.5 million or USD 2 million under option 1 and 2 respectively.

29. In addition, the Board may wish to take note of the salary costs of USD 27.1 million for 2017 and USD 27.7 million for 2018 under option 1 or USD 33.3 million for 2017 and USD 34.3 for 2018 if it opts for option 2, as reflected in Annex II (b) and (c).

30. **Trustee:** At this stage, there is no evident change in the Trustee's work that requires an increase to the already approved budget.

31. **Total budget for 2016:** As summarized in table 5 below, the overall budget for GCF, namely Board, Secretariat and Trustee will amount to about USD 40.7 million under option 1 or USD 44.8 million under option 2. Considering that a total of USD 29.15 million was already approved by decision B.11/8, the Board may now wish to consider an approval of additional USD 11.57 million under option1 or USD 15.63 million under option 2.

<sup>3</sup> See annex 2 (a), (b) (c) and (d) for detailed budgets.

32. In the meantime, for any decisions with additional budgetary implications made at Board meetings in 2016, the corresponding amounts will be authorized by the Board to be added to the approved administrative budget for 2016.

**Table 5. Summary of total administrative budget for 2016 of the Fund proposed for approval**

	<b>Option 1</b>	<b>Option 2</b>
Board	4,408,193	4,408,193
Secretariat	35,443,300	39,645,467
Interim trustee	875,800	875,800
<b>Total budget</b>	<b>40,727,293</b>	<b>44,929,460</b>
Approved at B.11	29,157,227	29,157,227
<b>For approval at B.12</b>	<b>11,570,066</b>	<b>15,772,233</b>

## VI. Comparison with similar entities

33. Although the budget is proposed on the best estimates of the workload and level of expertise required in GCF, the Board may find useful to compare the level of operations and the size of climate finance entities (see table 6a). It should however be noted that these entities differ in business models, governance and support structure, requiring a different set of expertise and resources. In particular, the three climate Funds are hosted within the World Bank Group (WBG), and services relating to legal, administrative, finance and risk are provided by the WBG.

34. For this reason, a brief comparison on the size, budget and staffing of other funding entities, which like GCF are independent entities with similar administrative structures, namely Global Fund and GAVI, is provided in table 6b for benchmarking purposes.<sup>4</sup>

**Table 6a. Comparison with climate funds hosted by WBG (GEF, AF, CIF)**

	<b>GEF</b>	<b>AF</b>	<b>CIF</b>	<b>GCF</b>
<b>Established</b>	December 1992 (Rio Earth Summit)  In 1994, GEF became an operating entity of the Financial Mechanism for the UNFCCC	December 2001 (Kyoto Protocol)	2008 (AfDB, ADB, EBRD, IDB, World Bank Group)	December 2010 (COP16 as an operating entity of the Financial Mechanism for the UNFCCC)
<b>Operational</b>	1994	2009	2008	2015
<b>Initial resource mobilization</b>	1994 USD 2 billion 34 contributors	2009 USD 182 million 1 contributor and CER sales	2008 USD 6.3 billion 13 contributors	2014 USD 10.3 billion eq. 48 contributors

<sup>4</sup> It should be noted that the information provided is based on 2014 reports published in 2015.



<b>Funding Decisions in the First Year of Operations</b>	Not Available per fiscal year Overall GEF-1 (1994-1998) 379 projects in the first 5 year cycle, to commit the initial resources	2010/2011 (FY11) USD 60.6 million in 10 projects	2009 (FY09) USD 115.60 million in projects (CIF Committee-approved funding)	2015 USD 168 million in 8 projects
<b>Funding commitment in millions</b>	875 in 2015	92 in 2015	651 in 2015	2,500 in 2016
<b>Scope of Responsibility of the Secretariat</b>	- Legal, Financial and Administrative services rendered by the WBG; - 18 Agencies (8 underwent accreditation); - primarily grants	- Legal, Financial and Administrative services rendered by the WBG; - 37 Agencies (ESS review recently introduced); - all grants	- Legal, Financial and Administrative services rendered by the WBG; - 5 Agencies (no accreditation); - Financial products serviced by WBG	- Independent Legally, Financially, Administratively - 90+ full applications for accreditation being processed 33 recommended to the Board; -139 NDA/FPs to support with Readiness Programme; - Full range for financial instruments to be serviced by the Secretariat
<b>Financial Instruments</b>	Grants Non-grant instruments (on a pilot basis)	Grants	Grants Loans Equity Guarantees	Grants Loans Equity Guarantees
<b>Administrative Budget in millions</b>	31.4	2.8	17.9	29
<b>Staff</b>	96 <sup>α</sup>	15 <sup>α</sup>	28 <sup>α</sup>	56 <sup>β</sup>

**Table 6b. Comparison with 'stand-alone' Global Funds (Global Fund and GAVI)**

	<b>Global Fund</b>	<b>GAVI</b>	<b>GCF</b>
Annual Funding commitment in millions	2,460	1,328	2,500
Administrative Budget in millions	288	98.18	29
Staff	650	204	56

<sup>α</sup> Excluding World Bank Group headcount for legal, financial, risk, fiduciary, compliances and administrative services.

<sup>β</sup> Including World Bank Group headcount for legal, financial, risk, fiduciary, compliances and administrative services.

## Annex I: Draft decision of the Board

The Board having reviewed document GCF/B.12/15 titled “Revised Administrative Budget and Staffing of the Secretariat” and recalling its approval of USD 29,157,227 for 2016 by its decision B.11.8;

- (a) Approves an additional USD [XX], making the total administrative budget of USD [XX] for 2016;
- (b) Decides to consider the administrative budget for 2017 at a later date when the work plan for the financial period is confirmed;
- (c) Authorizes the Secretariat to enter into contractual obligations to ensure continuation of operations of the Fund beyond the current financial period;
- (d) Agrees that for new decisions with additional budgetary implications which may be taken at future Board meetings in 2016, the corresponding amounts will be authorized and be added to the approved administrative budget for 2016; and
- (e) Authorizes the Executive Director to recruit staff as presented in annex [xx] to this decision.



## Annex II: Detailed Budget

### Annex II (a): Revised Board budget 2016

		Approved 2016 Budget at B.11	Revised 2016 budget	2016 Increase
<b>1</b>	<b>Board meetings</b>			
1.1	Board representative travel	792,000	1,056,000	264,000
1.2	Secretariat staff travel	260,000	260,000	
1.3	Venue and logistics	270,000	380,000	110,000
	<b>Sub-total: Board meetings</b>	<b>1,322,000</b>	<b>1,696,000</b>	<b>374,000</b>
<b>2</b>	<b>Co-Chair and Board representative travel</b>			
2.1	Co-Chair and Board representative travel	22,500	22,500	-
	<b>Sub-total: Co-Chair and Board representative travel</b>	<b>22,500</b>	<b>22,500</b>	<b>-</b>
<b>3</b>	<b>Board committees, panels and working groups</b>			
3.1	Board representative travel	317,000	317,000	-
3.2	Venue and logistics	10,000	10,000	-
3.3	Compensation of Board panels: Accreditation Panel	588,000	588,000	-
3.4	Compensation of Board panels: Technical Advisory Panel	576,000	720,000	144,000
3.5	Recruitment of consultant company - Heads of Accountability Units	-	254,640	254,640
	<b>Sub-total: Board committees, panels and working groups</b>	<b>1,491,000</b>	<b>1,889,640</b>	<b>398,640</b>
<b>4</b>	<b>Accountability Units</b>			
4.1	Salaries and consultants	665,053	665,053	-
4.2	Travel	45,000	45,000	-
4.3	Professional services	90,000	90,000	-
	<b>Sub-total: Accountability Units</b>	<b>800,053</b>	<b>800,053</b>	<b>-</b>
	<b>Grand total (1+2+3+4)</b>	<b>3,635,553</b>	<b>4,408,193</b>	<b>772,640</b>



**Annex II (b): Revised Secretariat budget 2016-18: Option 1**

<b>Assuming 140 positions</b>					
		<b>Approved 2016 Budget at B.11</b>	<b>2016 budget</b>	<b>2017 budget</b>	<b>2018 budget</b>
<b>1</b>	<b>Salaries and consultants</b>				
1.1	Full-time staff approved positions	11,359,464	11,359,464	11,700,248	12,051,255
1.2	New staff <sup>1</sup>	-	9,234,571	15,420,690	15,641,987
1.3	Consultancies	4,038,910	4,038,910	TBD	TBD
	<b>Sub-total</b>	<b>15,398,374</b>	<b>24,632,945</b>	<b>27,120,938</b>	<b>27,693,242</b>
<b>2</b>	<b>Travel</b>				
2.1	Travel	1,269,500	1,569,500		
	<b>Sub-total</b>	<b>1,269,500</b>	<b>1,569,500</b>	<b>TBD</b>	<b>TBD</b>
<b>3</b>	<b>Contractual services, general operating, information technology costs</b>				
3.1	Office utility costs	300,000	300,000		
3.2	Contractual services	4,117,000	4,117,000		
3.3	Other operating costs	275,000	475,000		
3.4	Communication and printing	215,000	315,000		
3.5	Information and communication technology <sup>2</sup>	2,221,000	3,183,855		
3.6	Depreciation	850,000	850,000		
	<b>Sub-total: Contractual services, general operating, information technology costs</b>	<b>7,978,000</b>	<b>9,240,855</b>	<b>TBD</b>	<b>TBD</b>
	<b>Grand total (1+2+3)</b>	<b>24,645,874</b>	<b>35,443,300</b>	<b>27,120,938</b>	<b>27,693,242</b>

<sup>1</sup> Includes the costs of travel for interviews of candidates and relocation benefits and allowances.

<sup>2</sup> The approved ICT budget is largely based on a metric derived from the Gartner benchmark. This is a cross-sector benchmark to estimate average ICT costs for organizations operating in the public sector. Gartner's applicable ICT budget benchmark for international governmental organizations such as GCF is 11.7 per cent of corporate total. The revised budget has been calculated on this basis.

**Annex II (c): Revised Secretariat budget 2016 Option 2**

<b>Assuming 180 positions</b>					
		<b>Approved 2016 Budget at B.11</b>	<b>2016 budget</b>	<b>2017 budget</b>	<b>2018 budget</b>
<b>1</b>	<b>Salaries and consultants</b>				
1.1	Full-time staff approved positions	11,359,464	11,359,464	11,700,248	12,051,255
1.2	New staff <sup>3</sup>	-	12,935,478	21,624,228	22,268,455
1.3	Consultancies	4,038,910	4,038,910	TBD	TBD
	<b>Sub-total</b>	<b>15,398,374</b>	<b>28,333,852</b>	<b>33,324,476</b>	<b>34,319,710</b>
<b>2</b>	<b>Travel</b>				
2.1	Travel	1,269,500	1,569,500		
	<b>Sub-total</b>	<b>1,269,500</b>	<b>1,569,500</b>	<b>TBD</b>	<b>TBD</b>
<b>3</b>	<b>Contractual services, general operating, information technology costs</b>				
3.1	Office utility costs	300,000	300,000		
3.2	Contractual services	4,117,000	4,117,000		
3.3	Other Operating costs	275,000	525,000		
3.4	Communication and printing	215,000	315,000		
3.5	Information and communication technology <sup>4</sup>	2,221,000	3,635,115		
3.6	Depreciation	850,000	850,000		
	<b>Sub-total: Contractual services, general operating, information technology costs</b>	<b>7,978,000</b>	<b>9,742,115</b>	<b>TBD</b>	<b>TBD</b>
	<b>Grand total (1+2+3)</b>	<b>24,645,874</b>	<b>39,645,467</b>	<b>33,324,476</b>	<b>34,319,710</b>

<sup>3</sup> Includes the costs of travel for interviews of candidates and relocation benefits and allowances.

<sup>4</sup> The approved ICT budget is largely based on a metric derived from the Gartner benchmark. This is a cross-sector benchmark to estimate average ICT costs for organizations operating in the public sector. Gartner's applicable ICT budget benchmark for international governmental organizations such as GCF is 11.7 per cent of corporate total. The revised budget has been calculated on this basis.

## Annex III: Allocation of positions by area of activity

<b>Main functions</b>	<b>Option 1 (140 positions)</b>	<b>Option 2 (180 positions)</b>
<p><b>Executive direction</b> Assist the ED to perform functions relating to the coordination of the Secretariat; - Assist the ED with necessary follow-up across the Secretariat to ensure timely progress on various initiatives</p>	<p>1- Deputy Executive Director 1- Operations and Special Advisor 1- Associate Professional 2- Assistants</p>	<p>1- Deputy Executive Director 1- Operations and Special Advisor 1 Associate Professional 2- Assistants</p>
<b>TOTAL</b>	<b>5</b>	<b>5</b>
<p><b>Communications unit</b> - Implement the communications strategy; - Integrate communications into all GCF business operations by using communications as a proactive tool to support the GCF's objectives, in particular through the website; - Realize media engagement opportunities and monitoring</p>	<p>1-Senior Communications and Outreach Specialist 1 – Communications Specialist (Writer) 2 - Media and Outreach Specialists 2- Web developers 1 - Associate Professional</p>	<p>1-Senior Communications and Outreach Specialist 1 – Communications Specialist (Writer) 2 - Media and Outreach Specialists 2- Web developers 1 - Associate Professional</p>
<b>TOTAL</b>	<b>7</b>	<b>7</b>
<p><b>Country and AE relationship management and readiness programme</b> - Country relationship management in order to ensure effective delivery of assistance in capacity building; - Support to countries and AE in pipeline development and project preparation; - Support to countries in preparation of their country programmes; - Pre- and post-accreditation support to direct access entities; - Review and assessment of accreditation applications, in particular ESS and gender; - Support to Accreditation panel; - Building knowledge management systems; - Strengthening information sharing, south-south cooperation and facilitate interaction among NDAs</p>	<p>1- Director 1- Manager 5- Country dialogue specialists 5- Accredited entities specialists 1- Knowledge management specialist 2- Project preparation specialist 1- ESS specialist 1- Gender specialist 2- Associate professionals 2- Assistants</p>	<p>1- Director 1- Manager 6- Country dialogue specialists 6- Accredited entities specialists 1- Knowledge management specialist 2- Project preparation specialist 2- ESS specialists 1- gender specialist 3- Associate professionals 3- Assistants</p>
<b>Total</b>	<b>21</b>	<b>26</b>



<p><b>Portfolio development and management</b></p> <ul style="list-style-type: none"> <li>- Interact with AEs and NDAs in processing concept notes and full funding proposals until they are approved by the Board and reach effectiveness of funded activity agreements;</li> <li>- Manage RFP processes;</li> <li>- Catalyze resources through pipeline and engaging with new and non-traditional contributors</li> <li>- Manage projects and programmes when approved by the Board and reach effectiveness of funded activity agreements;</li> <li>- In coordination with the Country Programming Division, manage the relationship of the GCF with the AEs within the context of implementing projects and programmes;</li> <li>- Monitor the implementation of the approved projects, the disbursement process, monitoring and evaluation, including performance against the investment criteria;</li> <li>- Perform portfolio operations management, including project implementation, supervision, and disbursement;</li> <li>- Ensure performance against safeguards and fiduciary policies</li> </ul>	<ul style="list-style-type: none"> <li>2- Directors</li> <li>9- Specialists in thematic Result Areas of GCF</li> <li>8- Specialists in GCF's financial instruments</li> <li>2- Specialists in RFP management</li> <li>2- Specialists in co-financing</li>   <li>1- Manager (Portfolio)</li> <li>3- Portfolio Operations Specialists</li> <li>1- Portfolio Quality Assurance</li> <li>3- Portfolio Administration and Analytics</li> <li>2- Environmental, Social and Gender Safeguards</li> <li>2- Monitoring and Evaluation</li> <li>2- Fiduciary standards (procurement and financial management)</li>   <li>2- Associate Professionals</li> <li>4- Assistants</li> </ul>	<ul style="list-style-type: none"> <li>2- Directors</li> <li>12- Specialists in thematic Result Areas of GCF</li> <li>12- Specialists in GCF's financial instruments</li> <li>4- Specialists in RFP management</li> <li>4- Specialists in co-financing</li>   <li>1- Manager (Portfolio)</li> <li>4- Portfolio Operations Specialist</li> <li>2- Portfolio Quality Assurance</li> <li>4- Portfolio Administration and Analytics</li> <li>3- Environmental, Social and Gender Safeguards</li> <li>3- Monitoring and Evaluation</li> <li>3- Fiduciary standards (procurement and financial management)</li>   <li>4- Associate Professionals</li> <li>5- Assistants</li> </ul>
<b>TOTAL</b>	<b>43</b>	<b>63</b>



<b>Institutional, legal and financial/administrative support</b>		
<p><b>Direct support and liaison with Board</b></p> <ul style="list-style-type: none"> <li>- Prepare Board meeting communications on development of agenda, clearance/distribution of documents, and follow up actions on Board decisions;</li> <li>- Ensure Board, committee, panel, group and workshop meeting logistics;</li> <li>- Liaise with meeting hosts/Governments; and Liaise with UNFCCC secretariat and other thematic bodies</li> </ul>	<p><b>Sub-total (12)</b></p> <ul style="list-style-type: none"> <li>1- Secretary to the Board</li> <li>3- Document Control Specialists</li> <li>2- International Climate Policy Specialists</li> <li>1- Meeting planning and servicing</li> <li>2- Information disclosure policy specialists</li> </ul> <p>1- Associate Professional 2- Assistants</p>	<p><b>Sub-total (12)</b></p> <ul style="list-style-type: none"> <li>1- Secretary to the Board</li> <li>3- Document Control Specialists</li> <li>2- International Climate Policy Specialists</li> <li>1- Meeting planning and servicing</li> <li>2- Information disclosure policy specialists</li> </ul> <p>1 Associate Professional 2 Assistants</p>
<p><b>Legal support to GCF</b></p> <ul style="list-style-type: none"> <li>- Provide a comprehensive range of legal services to GCF on HR, procurement, contributions, accreditation, P&amp;Is, litigation and funding agreements;</li> <li>- Advise on institutional and governance matters ;</li> <li>- Review all documents with legal implications for GCF (Board decisions, Admin Instructions, MoUs, Note Verbale, etc);</li> <li>- Conduct legal due diligence both second level at the project level and full due diligence at the structure level.</li> </ul>	<p><b>Sub-total (10)</b></p> <ul style="list-style-type: none"> <li>1- General Counsel</li> <li>7- Legal Counsels</li> <li>1- Associate Professional</li> <li>1- Assistant</li> </ul>	<p><b>Sub-total (17)</b></p> <ul style="list-style-type: none"> <li>1- General Counsel</li> <li>12- Legal Counsels</li> <li>2- Associate Professional</li> <li>2- Assistants</li> </ul>



<p><b>CFO and administrative support</b></p> <ul style="list-style-type: none"> <li>- Manage the administrative operations, financial unit and the capital structure for the GCF;</li> <li>- Resource Mobilization/Replenishment: organize technical-level dialogue with potential contributors; coordinate technical analyses, documents and presentations, replenishment of the GCF;</li> <li>- Finance/procurement: record and report financial statements; coordinate corporate procurement activities;</li> <li>- Back office/Disbursements</li> <li>- Human Resources (HR): Coordinate the recruitment actions; oversee the implementation of HR strategies, policies, procedures and systems; and</li> <li>- ICT: Oversee the performance by service providers to ensure high quality ICT systems in place; implement ERP system, content management system, documents management system, online accreditation system, online results management framework</li> </ul>	<p><b>Sub-total (31)</b></p> <ul style="list-style-type: none"> <li>1- CFO and Director</li> <li>3- Resource Mobilization</li> <li>1- Administrative Operation</li> <li>3-Finance/Treasury/Disbursements</li> <li>3- Human Resources and staff development</li> <li>3- ICT</li> <li>2- Procurement</li> <li>1- Associate Professional</li> <li>13 Assistants (HR, Finance, Procurement, Travel, etc.)</li> </ul>	<p><b>Sub-total (35)</b></p> <ul style="list-style-type: none"> <li>1- CFO and Director</li> <li>3- Resource Mobilization</li> <li>1- Administrative Operation</li> <li>3- Finance/Treasury/Disbursements</li> <li>3- Human Resources and staff development</li> <li>4- ICT</li> <li>2- Procurement</li> <li>3- Associate Professionals</li> <li>15- Assistants (HR, Finance, Procurement, Travel, etc.)</li> </ul>
<b>TOTAL</b>	<b>53</b>	<b>64</b>
<p><b>Risk management, compliance, and audit</b></p> <ul style="list-style-type: none"> <li>- Coordinate the preparation and implementation of the risk management framework of the GCF, including the necessary policies</li> <li>- Evaluate Funding Proposals</li> <li>- Risk Manuals</li> <li>- Monitor/Implement the ERM system as a whole.</li> <li>- Develop internal audit procedures and plans;</li> <li>- Ensure that internal controls, risk management practices and governance processes are adhered to across the GCF;</li> <li>- Provide expertise with regards to anti-corruption and know-your-customer, leverage knowledge of international standards on anti-money laundering and countering terrorist financing</li> </ul>	<ul style="list-style-type: none"> <li>1- Chief Risk Officer</li> <li>5- Risk Specialists</li> <li>2- Internal Audit Specialists</li> <li>2- AML/CFT/KYC Compliance</li> <li>1-Assistant</li> </ul>	<ul style="list-style-type: none"> <li>1- Chief Risk Officer</li> <li>7- Risk Specialists</li> <li>2- Internal Audit Specialists</li> <li>3- AML/CFT/KYC Compliance</li> <li>1- Associate Professional</li> <li>1- Assistant</li> </ul>
<b>TOTAL</b>	<b>11</b>	<b>15</b>

## Annex IV: Work plan 2016<sup>1</sup>

### I. GCF Secretariat

#### 1.1 Background

1. The Secretariat's work plan for 2016 is set out around the main areas of operation (portfolio development and management and country programming), supported by legal, financial and administrative services.

#### 1.2 Portfolio development and management

2. In the context of portfolio development support, the aim is to submit between 15 and 40 projects, with a total value of about USD 800 million at every meeting of the Board. The main activities to be undertaken by the Secretariat in 2016 are the review of concept notes and proposals, providing comments and feedback to the Accredited Entities (AEs) and National Designated Authorities (NDAs).

3. Continue to refine funding proposals through the completeness check and the second-level due diligence assessment until they are sufficiently advanced for the next stage, coordination of a standardized review process, including:

- (a) Completeness check;
- (b) Second-level due diligence;
- (c) TAP assessment; and
- (d) Preparation and submission of full funding proposal package to the Board.

4. Launch the first RFPs.

5. In close collaboration with the Country Programming Division (CPD), under Readiness support activity 4, continuous effort is made to support the accredited entities/national authorities in development of project ideas/concept notes that are in line with GCF's mandate, result areas and country priorities and assist in the preparation of applications under two mechanisms in order enable the AEs/countries to access funds for project/programme preparation.

6. With regards to Portfolio Management, a new structure will be built from scratch. This will involve managing projects and programmes after they are approved by the Board and reach effectiveness of the funded activities agreement. The team will be responsible for monitoring the implementation of the approved projects and programmes, the initiation of the disbursement process, monitoring and evaluation including performance against investment criteria.

7. The team would have a greater role, in coordination with the CPD, in managing the relationship of the GCF with the AEs within the context of implementing projects and programmes. Portfolio Management team will liaise closely with the Chief Risk Officer, the General Counsel and other divisions to monitor and manage the GCF portfolio.

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<sup>1</sup> The Work Plan for 2016 is to appropriate resources under the administrative budget for the year.

### 1.3 Country dialogue & readiness preparatory support

8. To date, the GCF has a large network of almost 140 NDAs and Focal Points. Of those, it has received 97 readiness requests. It has also issued 146 OAS accounts, of which a total of 20 entities have been accredited and a further 69 applications are under review. So far, funds have been committed for 45 countries under readiness support, mainly in the areas of NDA strengthening and development of strategic framework. CPD is now drawing on its lessons learned from its early activities as well as from other institutions. During the 2016, CPD will focus on the following main deliverables:

- (a) **Support to direct access entities:** The country programming team will focus on the pre and post accreditation support to direct access entities. In particular, support will be provided for direct access entities nominated by their respective NDAs to seek accreditation and meet the requirements, as well as post accreditation to those entities seeking to be upgraded, strengthened or to meet the conditions or recommendations of their accreditation;
- (b) Amongst other planned activities, it is envisaged to strengthen collaboration between direct access entities and international entities, with tailored mentoring programmes and strong regional relationships; and
- (c) **Measuring the impact: monitoring and evaluation and knowledge management:** The impact and the results achieved through various support provided by GCF will have to be accounted and measured. Thus, another key area of CPD work plan will be the operationalization of the monitoring, accountability and evaluation framework. In particular, focus will be on the development of toolkit for the monitoring and evaluation of Fund's projects and programmes as well as the development of key performance indicators for the readiness programme. Furthermore, CPD will ensure the lasting impact of its activities and will work on the knowledge management framework.

### 1.4 Institutional support

9. **Supporting the Board:** The Secretariat support to the Board will revolve around five main areas as follows:

- (a) Supporting the holding of four successful Board meetings in 2016 and processing documentation developed by the Secretariat in the implementation of Board mandates that will facilitate deliberations of the Board at its meetings. In collaboration with the support services teams, organise resources, oversee and manage logistical and operative preparations for meetings of the Board;
- (b) Providing support to Board Co-Chairs in working with the Secretariat on ongoing initiatives in order to deliver on Board mandates and in preparation of upcoming meetings. This shall involve ongoing collaboration of the Secretariat with the Co-Chairs, Board members and other stakeholders as needed;
- (c) Maintaining relationship with Board members and where possible, increasing collaboration. This shall include coordination of the Secretariat divisions in responding to requests for information and provision of responses to queries raised by Board members;
- (d) Liaising and actively engaging with the UNFCCC and its processes, its thematic bodies and climate-relevant Funds, in line with the Governing Instrument and with guidance received from the Conference of Parties;

- (e) Facilitating engagement of observers in meetings of the Board and other activities. In 2016, this shall include the oversight of the revision of guidelines on the participation of observers in the meetings of the Board of the GCF;
  - (f) Implementation of the Information Disclosure Policy, including;
  - (g) The processing of request for disclosure of information submitted to GCF;
    - (i) Managing and processing requests for information;
    - (ii) Keeping a list of requests received and posting them on the website; and
    - (iii) Supporting the appeals committee.
10. **Legal support:** The work plan relating to the legal support in 2016, cover both institutional and operational matters
- (a) Institutional matters
    - (i) Advise the Co-Chairs and the Board on a range of legal issues, interpretation of Governing Instrument and Rules of Procedure;
    - (ii) Support the Secretary to the Board on various institutional matters, such as Board selections;
    - (iii) Develop decision-making procedures for consideration by the Board;
    - (iv) Support the work of the Ethics and Audit Committee and to the Appointment Committee;
    - (v) Support GCF on various administrative, procurement and human resources matters, incl. the review of all proposed Administrative Instructions;
    - (vi) Develop the regulatory framework for the Fund's administrative tribunal dealing with HR disputes;
    - (vii) Deal with ongoing trademark and domain name issues;
    - (viii) Engage with country Parties on entering into bilateral P&I agreements, 193 Parties to go;
    - (ix) Provide advice in the negotiations contribution agreements and/or arrangements and address any legal implementation issues; and
    - (x) Support the development of 'know your customer' norms, AML/CFT framework and practice.
  - (b) Operational matters
    - (i) Reviews all agreements and other documents with legal implications that are proposed for signature by the GCF (other than human resources contracts), such as non-disclosure agreements and MoUs;
    - (ii) Develop a standard contracts for suppliers and service providers to be entered into at the last stage of the procurement process;
    - (iii) Review all readiness grant agreements before execution. In anticipation thereof, review proposals for funding under the readiness programme as member of the readiness working group;
    - (iv) Review an expected 30 funding proposals in the context the second-level due diligence, as well as customary legal due diligence on counterparties and structures;

- (v) Draft and negotiate an expected 30 confirmations/term sheets and funded activity agreements; and
- (vi) Negotiate and expected 50 accreditation master agreements (subject to Board decision on accreditation).

11. **Communications:** The communications work at the Fund has two overarching goals: firstly to raise awareness, encourage support and promote collaboration among key stakeholders of the Fund; and secondly to use communications in a proactive role to deliver GCF's business objectives. In 2016 the communications function will focus on eight priority areas:

- (a) Develop GCF's profile and visual identity;
- (b) Roll-out new modules and applications on GCF's website;
- (c) Intensify strategic outreach and engagement;
- (d) Intensify media outreach;
- (e) Develop publications;
- (f) Publish e-newsletters;
- (g) Develop select social media platforms;
- (h) Develop public relations materials; and
- (i) Develop audio-visual content.

12. **Finance/Administrative:** - In 2016 the finance sections will focus on the:

- (a) Production and audit of 2015 Financial Statements;
- (b) Production of monthly management accounts with variance analysis;
- (c) Production of Quarterly financial update reports for Board;
- (d) Preparation of standard operating procedures (SOPs) for all finance and procurement functions;
- (e) Treasury and back office functions;
- (f) Preparation of 2017 budget; and
- (g) Institutional procurement.

13. In addition the finance team will assist in the fiduciary assessment and disbursements for the execution of the budget, funding proposals and readiness requests; the finalisation of the AMA negotiation with the accredited entities and have an input in term sheet and funded activity agreements and provide support to the readiness team.

14. **Human Resources:** In 2016 the HR team will focus on timely and effective talent acquisition, directly and through search firms particularly in the light of the potential increase of the headcount of the Fund. It is also working on developing and improving HR processes for example performance management and development, and improving HR information systems to ensure consistent and accurate HR administration. Work will also continue in the area of talent management, strengthening the induction process, offering training/learning opportunities and an initiative to enhance the work and living conditions of staff and their families in Songdo.

15. **ICT:** The focus of information system introductions and enhancements in 2016 will be to:

- (a) Establish a rightsized financial and risk management solution that facilitates the evolving needs around the portfolio of funding proposals;
  - (b) Revise and extend existing readiness and accreditation systems in line with upcoming Board decisions;
  - (c) Build a first generation of interactive NDA country pages that facilitate efficient collaboration between each other;
  - (d) Establish an initial version of flexible documents & records management solution;
  - (e) Contribute to organizational quality improvements and cost containments via further going automation of key internal business processes (HR, procurement etc.);
  - (f) Create early building blocks for GCF's disclosure, monitoring, reporting, evaluation and knowledge management services;
  - (g) Optimize ICT infrastructure's information security and running costs.
16. **Resource Mobilization:** The work program for resource mobilization in 2016 includes the following activities:
- (a) Present the policies and procedures for accepting contributions from philanthropic foundations and other non-public and alternative resources, as well as to monitor and control of existing contribution agreements;
  - (b) Raise additional contributions from public and other non-public and alternative resources;
  - (c) Implement the review of Interim Trustee and begin the process on selection of Permanent Trustee;
  - (d) Start preparations for implementation of the replenishment process;
  - (e) Ongoing contributions relationship management; and
  - (f) Regular monitoring and reporting on contributions.

## 1.5 Risk management, internal audit and compliance

17. **Risk management:** During the initial part of 2016, the Risk Management function will concentrate on further developing and implementing, under the Risk Management Committee guidance, the Financial Risk Management Framework, the Fund's risk appetite to be discussed by the Board at B.12.
18. Additionally, the Risk Management team will produce relevant risk reports and continue implementing the different tools to support the risk management framework including identified policy gaps and manuals such as: investment and credit policy; asset and liability management; foreign exchange hedging policy; and liquidity management.
19. Finally, the team will continue supporting the process of second level due diligence on readiness and funding proposals as well as risk oversight of funded activities, workload that will continue to increase as the Fund's portfolio grows.
20. **Internal Audit:** The work program for 2016 will focus on:
- (a) The establishment of Internal control/audit processes and procedures; this includes the establishment of an Audit Working Group, Audit Charter, and an Audit Manual;
  - (b) The timely completion of internal audit engagements which involves the audit of all of GCF's divisions; and

- (c) The development of a multi-year audit schedule and work program.
21. **Compliance:** The AML, CFT and KYC policy to be developed by the Board will be implemented. In addition to ensuring that KYC and fiduciary compliance are applied in all activities of GCF, the 2016 work plan includes:
- (a) Formulation of guidelines and procedures to help prevent and detect anti-corruption and AML/CFT violations;
  - (b) Identifying training material for use in connection with external and internal awareness-raising activities; and
  - (c) Conducting seminars and workshops, make presentations, and facilitate meetings to foster an understanding of international standards on anticorruption and AML/CFT.

## II. Interim Trustee

22. The work program for the interim trustee comprises the services to be provided in accordance with the GCF Trust Fund Agreement between GCF and the IBRD, serving as the Interim Trustee of the GCF Trust Fund. As listed in the Agreement, the services to be provided in 2016 would include:
- (a) **Financial and programme management:** This includes all aspects of:
    - (i) The management and processing of contribution agreements/arrangements, including negotiation and execution of such agreements/arrangements with the contributors and GCF, all banking, foreign exchange, payment requests and acknowledgements and promissory note custodial arrangements;
    - (ii) Executing cash transfers from the GCF Trust Fund to recipients at the instruction of GCF; and
    - (iii) Regular and ad hoc financial reporting, including customisation of some financial reports to meet specific needs of GCF. It also includes responding to day-to-day enquiries from the Secretariat, Contributors and other GCF constituencies and stakeholders, and ad hoc advisory services to the Secretariat on specific issues, as requested.
  - (b) **Investment management:** This includes the investment of GCF Trust Fund liquid balances as part of the pool of trust fund balances held by the IBRD. The Secretariat has estimated that the average liquid balance in the GCF Trust Fund during CY 2016 will be approximately USD 500 million. The interim trustee also expects to work with the Fund on the establishment of a customized, longer term investment tranche, reflecting the cash-flow projections of the Fund, and within the constraints of the expiry of the IBRD's mandate as interim trustee by April 2018.
  - (c) **Accounting and reporting:** This item includes maintenance of appropriate financial records and accounts to identify contributions and other receipts and commitments and cash transfers from the GCF Trust Fund. It also includes support to the overall financial reporting and trust fund administration functions of the interim trustee, including review and clearance of agreements signed with contributors. The GCF Trust Fund is also included in the IBRD's annual Single Audit of Trust Funds (at no additional cost to the GCF).
  - (d) **Legal services:** This includes the preparation and negotiation of contribution agreements/arrangements with the contributors and GCF and other agreements and



arrangements as required, and review of documents of GCF given their impact on the role of the Interim Trustee.

- (e) **Other:** If the GCF's review of the interim trustee will be undertaken during 2016, the Interim Trustee would engage with the reviewers to support this exercise.

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