



**GREEN  
CLIMATE  
FUND**

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# Report on the status of the staffing of the Secretariat

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## Summary

At its twelfth meeting, the Board authorized the recruitment of new staff with a view to filling approximately 100 positions by December 2016, increasing to 140 positions by the end of 2017, in order to build the capacity of the Secretariat.

The Secretariat continues to make progress in recruiting new staff. With a current staff count of 105 staff members, expected to increase to 110 by the seventeenth meeting of the Board and 51 more recruitments in progress, it is quite possible that the approved 140 posts will be filled during 2017.

Recruiting and retaining staff continues to be a challenge for the Secretariat, with issues around living conditions, family life, schooling, and social and professional networks, continuing to have a negative impact on candidates, staff and their families. However, the Secretariat is implementing multiple measures to counterbalance these negative effects and to help to attract and retain the most competent professionals for the GCF.

This document also gives an update on the initiative to accelerate the capacity-building of the Secretariat, being led by the external consultancy firm, Dalberg.

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## I. Introduction

1. The Board, by decision B.12/27, noted the need to increase the number of regular staff of the Secretariat to an approximate total of 100 filled positions by 31 December 2016, and to further increase to approximately 140 by the end of 2017, taking into consideration the ability of the Secretariat to recruit and absorb the increasing staffing numbers, and following the appropriate process. By the same decision, the Board allocated additional funds for staffing in the Secretariat. This has enabled the Secretariat to plan and implement a recruitment campaign to significantly increase its capacity.

2. This document presents a progress report on the staffing of the Secretariat.

## II. Progress report on the staffing of the Secretariat

3. 67 new staff members have been appointed since the thirteenth meeting of the Board and recruitment processes are under way for 51 new positions. The Secretariat reached the target of 100 staff in April 2017 but has also had to compensate for eight staff resignations since the start of the year.

**Table 1. Number of staff since the twelfth meeting of the Board**

	B.12	B.13	B.14	B.15	B.16	B.17
<b>Number of staff</b>	45	45	60	78	90	105
<b>% increase from B.12</b>		0	33	73	100	133

*Abbreviations:* B.12-B.17 = twelfth, thirteenth, fourteenth, fifteenth, sixteenth and seventeenth meetings of the Board.

4. In terms of senior posts, the Secretariat is currently interviewing candidates for the Director of Country Programming, the vacancy for the General Counsel is also under recruitment. A vacancy notice for Deputy Executive Director could be launched at an earlier date. It is envisaged the Senior Management Team will be complete by October 2017.

### 2.1 Increase in staffing by area of activity

5. Table 2 below indicates the progress made in building the Secretariat's capacity, by area of activity.

6. The staff number under the portfolio development and management activity (Private Sector Facility Division, Division of Mitigation and Adaptation, and the Portfolio Management Unit) has seen the largest growth, increasing by 35 per cent from a staff size of 23 at the sixteenth meeting of the Board to 31 staff by the seventeenth meeting of the Board. With the 13 additional posts in the recruitment pipeline, this group is expected to grow to a total of 44 staff members within the year.

7. The risk management, compliance and audit functions have also significantly increased its staff from two staff members at the fourteenth meeting of the Board to a current staff size of 11 comprising new staff members plus the transfer of the compliance function from the Office of the General Counsel to the Risk Management Unit. With three posts currently in the pipeline, this team is expected to grow to 14 staff members within the year.

**Table 2. Staffing by area of work**

Areas of activity	Current staff	In the pipeline	Total
Executive direction and management, including communications and outreach	6	6	12
Country and accredited entity relationship management and Readiness and Preparatory Support Programme	14	8	22
Portfolio development and management (DMA, PSF, PMU)	31	13	44
Institutional, legal and financial/administrative support	43	21	64
Risk management, compliance and audit	11	3	14
<b>Total</b>	<b>105</b>	<b>51</b>	<b>156</b>

*Abbreviations:* DMA = Division of Mitigation and Adaptation, PMU = Portfolio Management Unit, PSF = Private Sector Facility Division.

8. Table 3 below presents a summary of the progress in the number of staff in the operational and support divisions since the thirteenth meeting of the Board.

**Table 3. Progress of staffing in operational and support divisions**

Areas of activity	B.13	B.14	B.15	B.16	B.17
Operations	27	22	30	37	51
Support	18	38	46	53	54
<b>Total</b>	<b>45</b>	<b>60</b>	<b>76</b>	<b>90</b>	<b>105</b>

*Abbreviations:* B.13-B.17 = thirteenth, fourteenth, fifteenth, sixteenth and seventeenth meetings of the Board.

9. In addition, the Secretariat has 19 international and 19 administrative consultants based at its headquarters in Songdo, Incheon, Republic of Korea, to carry out its work as defined in the work plan for 2017.

## 2.2 Staff by gender and geographical distribution

10. The Secretariat continues its effort to achieve geographical diversity in its workforce, and to ensure that women and men are equally represented at all levels. The gender balance overall has improved from 79:21 (male to female ratio) at the twelfth meeting of the Board to 55:45 as of the seventeenth meeting of the Board. The representation of developing countries in the Secretariat, continues to be strong at all levels.

11. The Secretariat is currently composed of staff from 46 countries, with the highest representation among international staff being the Republic of Korea (12 staff), the United States of America (6 staff), India (6 staff) and Germany (5 staff).

12. Table 4 below provides information on the geographical and gender distribution of staff as at 26 May 2017.

**Table 4. Geographical and gender distribution among appointed staff**

Filled positions		Geographical distribution		Gender balance	
Level	Headcount	Developed	Developing	Male	Female
IS-level	80	33 (41%)	47 (59%)	50 (63%)	30 (37%)
AS-level	25	4 (16%)	21 (84%)	8 (32%)	17 (68%)
<b>Total</b>	<b>105</b>	<b>37 (35%)</b>	<b>68 (65%)</b>	<b>58 (55%)</b>	<b>47 (45%)</b>

Abbreviations: AS = administrative support staff, IS = international professional staff.

## 2.3 Recruitment and retention challenges

13. The challenges of building the Secretariat workforce in Songdo are by now well-documented. Concerns around geopolitical tensions, air pollution, family life, schooling, and social and professional networks are still present. However, the Secretariat and the City of Incheon are taking all possible measures to ameliorate these negative effects as follows:

- (a) A comprehensive emergency plan has been developed to protect and assist staff and their families;
- (b) A study is being carried out on air quality in the office and if required, additional air filters will be provided in all offices;
- (c) A consultant has been hired to assist spouses and partners to find employment (paid and unpaid);
- (d) In consultation with the Staff Association, a new set of Human Resources policies are being developed that will provide an attractive and appropriate package of benefits for staff;
- (e) A performance management and development exercise has been carried out for the first time in the Secretariat, and merit pay has been authorized where justified;
- (f) Learning and training budgets have been allocated to all managers to assist them in supporting the professional development of their staff;
- (g) An internal promotion process is now available for exceptionally high performers; and
- (h) An Ombudsperson has been hired at the Secretariat.

## 2.4 Accelerating the capacity-building of the Secretariat

14. The consulting firm, Dalberg, has been appointed, through a competitive tender process, to advise the Secretariat on three main areas: organizational structure, capacity, and processes and systems.

15. The first phase, which is focused on the structure of the Secretariat, is under way, and a summary of the progress is contained in annex I.

16. The Executive Director will give an oral update on this initiative at the seventeenth meeting of the Board.

## Annex I: Update on the proposed organizational structure of the Secretariat

### I. Introduction

1. In the initial years of the GCF, the Secretariat's work focused on supporting the development of policies and procedures aimed at enabling the Board to establish the organizational structure of the GCF and its ability to initiate operations. While this work continues, the GCF is now fully engaged in the effort to normalize the operation of the project and programme cycle, and to implement the Board's decisions in a coherent, mutually supportive manner. This effort is made even more ambitious by the fact that the Secretariat is striving to perform these vital functions, while at the same time continuing to expand its operational frameworks, including the recruitment of an essential number of staff to perform this work.

2. While the initial structure served the Secretariat well during the start-up period, it is possible that the Secretariat's original organizational structure and capacities may no longer be optimal for delivering the Secretariat's increasingly complex mandate. The Board has, related to this issue, raised concerns regarding the limited capacity of the Secretariat to meet the increasing demands that it faces, and requested the Secretariat to further assess its organizational structure.

3. Accordingly, via the established procurement process, the Secretariat awarded a contract to the consulting firm, Dalberg, to help to identify current and future capacity requirements of the Secretariat and to suggest ways forward, including in terms of a progressive organizational structure.

### II. Linkages with other documents

4. This document has linkages with the following main documents:

- (a) The business model framework: structure and organization;<sup>1</sup>
- (b) The initial structure and staffing of the Secretariat;<sup>2</sup>
- (c) The structure of the Fund and the Secretariat;<sup>3</sup>
- (d) Annual updates on the structure and staffing of the Secretariat;<sup>4</sup>
- (e) Report of the eleventh meeting of the Board;<sup>5</sup>
- (f) Report on the development of the draft strategic plan for the GCF;<sup>6</sup>
- (g) A progress report on the status of staffing of the Secretariat;<sup>7</sup>
- (h) The draft work plan of the Board for 2017;<sup>8</sup>
- (i) The annual report on the implementation of the initial strategic plan of the GCF;<sup>9</sup> and

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<sup>1</sup> GCF/B.04/08.

<sup>2</sup> GCF/B.05/10.

<sup>3</sup> GCF/B.07/07.

<sup>4</sup> GCF/B.08/Inf.05 and GCF/B.11/11.

<sup>5</sup> GCF/B.11/25.

<sup>6</sup> GCF/B.12/06.

<sup>7</sup> GCF/B.13/20.

<sup>8</sup> GCF/B.15/03.

<sup>9</sup> GCF/B.16/04.

- (j) The work programme of the Secretariat for 2017 and adjusted administrative budget.<sup>10</sup>

### III. Objectives

5. The main objectives of this paper are to apprise members of the Board (hereinafter referred to as Board members) of the following:
- (a) Board decisions that have led to the present organizational structure;
  - (b) Key challenges with the present organizational set-up;
  - (c) Proposed organizational design principles and how these could be applied to the structure of the Secretariat in the future; and
  - (d) Proposed new organizational structure of the Secretariat.

### IV. Approach

6. Dalberg is undertaking the following approach to determine the current and future capacity requirements of the Secretariat and to make recommendations on the evolution of the organizational structure of the Secretariat:
- (a) A historical assessment of the evolution of the Secretariat structure;
  - (b) Organizational diagnostics focused on structure, capacities, systems and tools, and roles and responsibilities;
  - (c) Consultations with internal and external stakeholders, including the Co-Chairs, Board members/alternate members of the Board, Board Committees, focus group discussions with representatives of all Secretariat divisions and units, the Staff Association, independent accountability units, national designated authorities/focal points, and accredited entities (international and direct access); and
  - (d) Benchmarking the current organizational structure with comparable organizations such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Global Alliance for Vaccines and Immunization, the Global Environment Facility, the Adaptation Fund, and the Climate Investment Funds.

### V. Current organizational structure of the GCF: a historical perspective

7. In October 2013, the Board approved an initial structure and staffing for the Secretariat with five divisions reporting directly to the Executive Director: Country Programming, Mitigation and Adaptation, Private Sector Facility, External Affairs, and Support Services. In September 2014, the Secretariat made informal, minor adjustments to the structure, which now comprises four divisions (i.e. Country Programming, Mitigation and Adaptation, Private Sector Facility, Support Services) and four offices (i.e. Internal Audit, Secretary to the Board, General Counsel and Risk Management). The heads of these divisions and offices report directly to the Executive Director.

8. In October 2015, the Secretariat proposed a further structural adjustment that was not approved by the Board for a variety of reasons, including the desire to await the completion of an overarching strategic plan. As a result, while the Secretariat has grown and initiated full

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<sup>10</sup> GCF/B.16/21/Rev.01.

operationalization of the project and programme cycle, its structure has remained the same since 2014.

9. With regards to growth, in March 2016, the Board authorized the recruitment of up to 100 staff by the end of 2016 and up to 140 by the end of 2017. A proxy assessment undertaken at the Secretariat level on staffing needs, indicated that there might be a need for about 200 staff to meet the growing demands that the Secretariat faces. Dalberg will, in the second phase of its assignment, undertake a more detailed capacity assessment that will lead to an understanding of additional requirements across divisions and units.

## VI. Cross-cutting challenges within the Secretariat

10. Dalberg identified a number of challenges that are being faced by the Secretariat; these can be broadly classified into the following four areas:

- (a) **Structure:** many cross-cutting roles sit within specific divisions (e.g. environmental and social safeguards/gender, finance specialists), thus limiting the sharing of experience between and among divisions/units. While environmental and social safeguards/gender experts have served other divisions more than their home divisions and is a success story of sharing across units, divisions have struggled to get adequate and timely technical inputs from each other. Also, due to the absence of an External Affairs Division, the GCF communications and outreach strategy is not perceived to be sufficiently strategic;
- (b) **Capacities:** high turnover rates, particularly at the senior level, have affected the corporate culture and weakened institutional memory; staff are overburdened and current capacities are inadequate to submit quality deliverables; there is a lack of on-the-job training and inconsistencies in job grading; and the creation and filling of posts is perceived to be ad hoc and not defined by an overarching strategy;
- (c) **Systems and tools:** there are limited joint work programmes, joint key performance indicators, joint target-setting, to mutually reinforce performance measurement tools that would allow for more formal and accountable interdivisional collaboration; the GCF began its operations without clear-cut policies so it had to create interim policies; and
- (d) **Roles and responsibilities:** there is a lack of manuals, standard operating procedures and the delineation of roles, responsibilities and decision-making processes.

## VII. Proposed organizational design principles and structure

11. Dalberg identified the following six principles to guide thinking on potential options for the organizational structure of the GCF in the future:

- (a) **Country driven:** the GCF is mandated to promote and strengthen engagement at the national and subnational levels through coherence in planning and to provide resources related to readiness and preparatory support;
- (b) **Risk-taking:** the GCF has expressed a willingness to take greater risks, such as with very large or 'proof of concept' projects that are transformative; the Secretariat must ensure that funds are disbursed quickly while maintaining the reputation of the GCF;
- (c) **Complementarity:** the GCF has been directed to strive to make sure that the work of the GCF complements the activities of other comparable climate financing mechanisms, to promote the participation of stakeholders in its activities, and to utilize effectively the expertise of existing partners to reach scale;

- (d) **Scalable and flexible:** to promote a transformational, global paradigm shift towards low-emission and climate-resilient development pathways, the GCF must be scalable. GCF operations must also remain flexible and evolve with time and in accordance with the Secretariat's scale and maturity;
- (e) **Efficient:** GCF processes, procedures, structure and organization must be kept simple and streamlined with clear roles and responsibilities and improved interdivisional cooperation and collaboration; and
- (f) **Inclusion of a private-sector focus:** the GCF is mandated to promote the participation of private-sector actors in developing countries and should directly and indirectly finance private-sector participation in mitigation and adaptation activities.

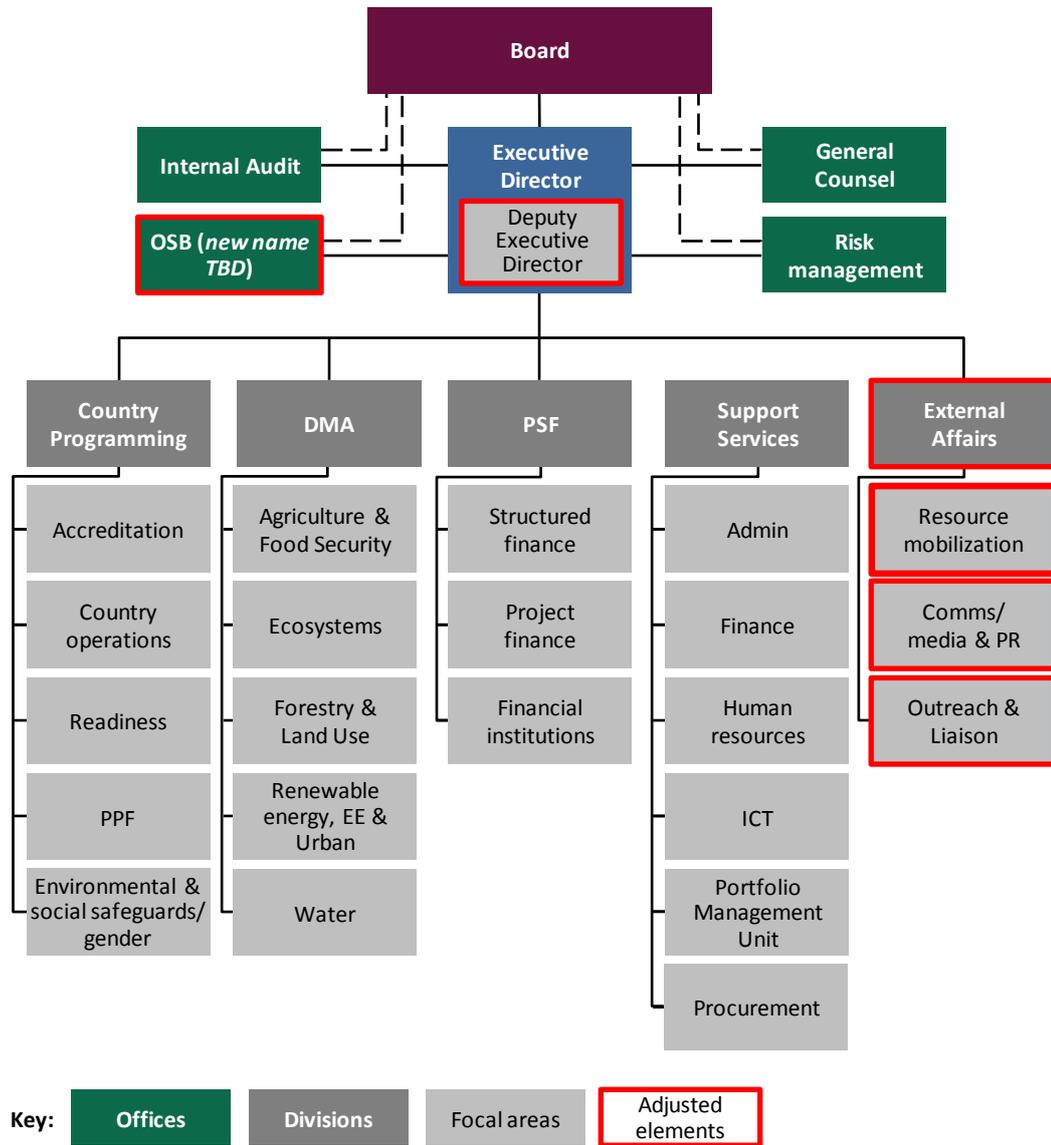
12. With a view that the Secretariat needs to build its capacity to respond more efficiently and effectively to policy and programmatic (upstream and downstream) needs, the following short-term (structural and non-structural) adjustments have been recommended to the organizational structure with a timeline of several months to two years:

- (a) Create a full-time, stand-alone Deputy Executive Director position to support the Executive Director with the day-to-day management of the Secretariat's divisions, offices and units. Creating such a post will ensure continuously present senior decision making and will allow the Executive Director to focus on stakeholder management of policy, strategy, outreach, negotiation, and replenishment related issues;
- (b) Establish an External Affairs Division, responsible for strategic communications, public/media outreach, resource mobilization and strategic partnerships that are not already covered in the project cycle. The External Affairs Division will enable the Secretariat to be more strategic and targeted in its positioning with key stakeholders;
- (c) Consider renaming the Office of the Secretary to the Board (OSB) to more accurately reflect its mandate. Currently, the Office acts as an institutional memory mechanism which can serve both the Secretariat and current and future Board members and co-chairs; facilitates engagement with UNFCCC and other climate funds; helps the Secretariat to follow up on COP-related guidance in operations; and promotes complementarity and coherence with other climate finance delivery channels; and
- (d) Establish a more formalized and accountable joint work programming process (e.g. joint incentives, joint key performance indicators and mutually reinforcing performance measurement systems) to strengthen collaboration and improve lateral communications between and among the three substantive divisions (Country Programming, Mitigation and Adaptation, and Private Sector Facility).

## VIII. Next steps

13. The next phase of this organizational development process will be to undertake a capacity assessment across the Secretariat. This assessment will look at capacity projections and requirements; in particular understanding how different divisions and units envision their capacity, through different options, to evolve over the next few years and how this might vary depending on alternative scenarios. It is envisaged that this assessment will greatly influence any further consideration of what the Secretariat's structure might look like over the medium to long term.

**Proposed short-term organization chart for the Secretariat**



*Abbreviations:* DMA = Division of Mitigation and Adaption, EE = energy efficiency, ICT = information and communication technology, OSB = Office of Secretary to the Board, PPF = project preparation facility, PR = public relations, PSF = Private Sector Facility Division, TBD = to be determined



**ACCELERATING THE CAPACITY BUILDING  
OF THE GCF SECRETARIAT:  
REPORT ON SHORT TERM  
ORGANIZATIONAL DESIGN OPTIONS**

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## EXECUTIVE SUMMARY

### GCF'S CURRENT ORGANIZATIONAL STRUCTURE AND KEY CHALLENGES

In accordance with decisions of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), the GCF began moving from an interim phase towards a permanent, operational organization in 2013. During its fifth meeting in 2013, the Board approved the Secretariat's initial structure and staffing with five divisions: Country Programming (CPD), Mitigation and Adaptation (DMA), Private Sector Facility (PSF), External Affairs, and Support Services (DSS). Since this decision, the Secretariat's organizational structure has been adjusted slightly, but remains largely in line with the approved structure.

Given that the Secretariat's operations and size have evolved significantly over the past four years and the Board approved an Initial Strategic Plan for the Green Climate Fund (hereinafter referred to as the 'Strategic Plan') in March 2016, now is an opportune time to evaluate whether the current structure is optimal for implementing GCF's goals. This is particularly pertinent as GCF currently faces a number of important challenges with its existing operations and structure, some of which could impact GCF's ability to deliver on the Strategic Plan. Across the Secretariat, there is general agreement about what these challenges are, and the pressing need to address these.

The Secretariat faces four categories of challenges: structure, capacities, systems and tools, and roles and responsibilities. The structural challenges include imperfect structural divisions (e.g., placement of cross-cutting roles in specific divisions), duplication of activities across divisions (e.g., multiple divisions hiring people with similar skill sets), and structural gaps (e.g., absence of an External Affairs division). The Secretariat also faces challenges related to capacities, which are exacerbated due to the weak institutional culture driven by changes in leadership and high staff turnover rate, particularly at the senior level. The third category of challenges highlighted were around systems and tools, which include policies, procedures, operating/support systems, and tools for inter-divisional coordination and collaboration; as GCF is a relatively young organization, many policies are still being created internally or awaiting approval from the Board, and there is room to optimize the efficiency of core processes. It was also noted that currently there are no formal joint work programs amongst and within divisions/units. Lastly, many staff members highlighted the lack of clarity around roles, responsibilities, and standard operating procedures between divisions, particularly when it comes to core processes, as an additional challenge facing the Secretariat.

This document examines how some of these challenges could be addressed through short term modifications to the Secretariat's structure. It is the first, initial output of Dalberg's ongoing work to examine the GCF's structure and capacity, and the findings in this report will likely be adjusted, and added to, over the course of the engagement. In subsequent documents and outputs, Dalberg will focus on developing long term structural design options for the Secretariat, as well as projecting the corresponding capacity needs, in subsequent documents and outputs.

### PROPOSED ORGANIZATIONAL DESIGN PRINCIPLES AND STRUCTURAL ADJUSTMENTS

When considering the Secretariat's optimal organizational structure, there are six key principles that should guide this process. These principles reflect themes that are core to the Fund's Governing

Instrument, Board decisions and discussion, and best practices used by other multilateral organizations, and include:

- **Country driven:** The Secretariat is mandated to promote and strengthen a country driven approach.
- **Risk-taking:** The Secretariat must balance its willingness to take risks, with the need to protect the Fund's reputation.
- **Complementary:** The Secretariat should complement and promote the activities of other stakeholders in the fight against climate change.
- **Scalable and flexible:** The Secretariat must be scalable, remain flexible and evolve with time and in accordance with Board decisions and recipient needs.
- **Efficient:** The Secretariat's processes, procedures, structure and organization must be kept simple and streamlined with clear roles and responsibilities.
- **Inclusion of a private sector focus:** The Secretariat is mandated to promote the participation of private sector actors in developing countries.

Using these principles, and in direct response to some of challenges facing the Secretariat, Dalberg has suggested a few adjustments that the Secretariat could consider to help build up its capacity to respond to policy and programmatic needs. Following consultations with the Secretariat, and given the Secretariat is under increasing pressure to deliver on its mandate, the changes build on the Secretariat's existing structure, and their implementation would involve minimal disruption to the Fund's activities. These changes are intended to be impactful, practical and implementable in the short term (one to two years) and include:

- **Creating a stand-alone Deputy Executive Director position.** The Executive Director faces challenges simultaneously representing the GCF externally and building up the Secretariat. Redistributing some of the Executive Director's workload to a Deputy Executive Director would free up time for the Executive Director, and allow them to focus more on building external relationships and providing strategic guidance to the Secretariat.
- **Creating formal joint objectives for CPD, DMA and PSF.** Under the current structure and staffing, technical experts sit within specific divisions, which has proven to be a barrier to cross divisional collaboration. To overcome these silos, and strengthen collaboration and lateral communication between CPD, DMA and PSF, the Secretariat could set joint objectives for all three divisions at the process level.
- **Renaming the Office of the Secretary to the Board.** The Office of the Secretary to the Board's (OSB) mandate is broader than its name suggests, which causes confusion around the activities the office undertakes. To overcome this challenge, the Secretariat could consider renaming the office to more accurately reflect its role.
- **Establishing an External Affairs Division.** GCF's external communications are currently perceived as not being as strategic as they could be. Given the importance of this function, the Secretariat could consider establishing an External Affairs division, responsible for setting the strategy and standards for external communications, public/media outreach, liaising with partners, and managing relationships with current and potential future contributors.

## I. INTRODUCTION

At its fifth meeting in October 2013, the Board took a number of decisions relating to the structure and staffing of the Secretariat, and approved its establishment. The Secretariat's structure was adjusted slightly in 2014 as reported to the Board at its eighth meeting. Since then, the Fund has become increasingly operational, and the demands on the Secretariat have continually increased in number and complexity.

Whilst the Board has approved additional staff to help support the expanded work load, staff have predominantly been added vertically as offices and divisions have required particular expertise. As a result, placement of the additional staff capacity may not be strategically optimal, and the structure no longer the most efficient or effective option for the Secretariat to deliver on GCF's goals.

The aim of this document is therefore to:

- i. Provide an overview of how the Secretariat's structure has evolved to date;
- ii. Describe the challenges currently faced by the Secretariat;
- iii. Outline how the Strategic Plan may change the demands on the Secretariat;
- iv. Present short term considerations for updating the Secretariat's structure to best position it to deliver on its mandate

It should be noted that, following consultations with the Secretariat, the Dalberg team has used the Secretariat's current structure as a baseline for this engagement, with an initial focus on structural adjustments that are impactful, practical, and can be implemented in the short term. Dalberg's final report, to be produced at the end of this engagement, will focus on long term structural design options of the Secretariat, as well as corresponding capacity needs.

## II. HISTORY OF THE SECRETARIAT'S STRUCTURE

### 2.1 INITIAL STRUCTURE AND RATIONALE

In accordance with decisions of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), the GCF began moving from an interim institutional phase towards a permanent, operational organization in 2013. The Board was presented with a range of organizational structure options, and highlighted three fundamental considerations. First, the Fund needed to be made operational quickly. Second, the Fund should have the flexibility to evolve over time as it grows in response to country-driven demand. Third, the Fund's structure should be cost-effective and therefore simple and streamlined.

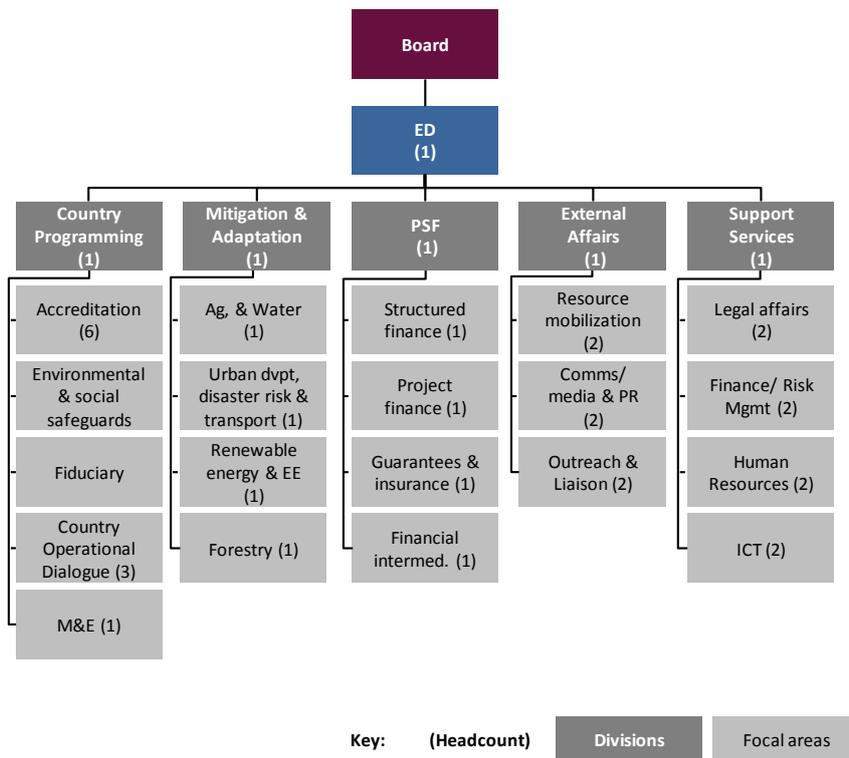
In light of these considerations, the Board converged on a structure that centred on mitigation and adaptation, with a separate Private Sector Facility, a strong country focus, internal coherence and linkages, and the flexibility to evolve over time.<sup>11</sup> The Board believed this structure would provide more focus and cost-effectiveness in the short term, with sufficient support for specific country ownership.

The initial structure and staffing of the Secretariat was approved by the GCF Board at its fifth meeting in 2013. The initial structure reflected the Board's decision at the fourth meeting and the provisions and principles from the Governing Instrument, and was designed around the Fund's operational priorities so that the majority of its functions could be delivered directly by its organizational units. These functions included initiating country dialogue, readiness support and programming, engaging the private sector and acquiring thematic expertise on mitigation and adaptation. The five divisions of the approved structure were Country Programming (CPD), Mitigation and Adaptation (DMA), Private Sector Facility (PSF), External Affairs and Support Services (DSS) (Figure 1Error! Reference source not found.).

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<sup>11</sup> Business Model Framework: Structure and Organization, GCF/B.04/08 June 2013; Report of the Fourth Meeting of the Board, 26-28 June 2013

**Figure 1: Approved structure of the Secretariat in B.5 (2013)<sup>12</sup>**



## 2.2 EVOLUTION OF THE SECRETARIAT OVER TIME

In keeping with Board recommendations, the Fund’s evolving needs, and the Governing Instrument, the Secretariat’s structure and size has been adjusted over time. In that regard, there have been a number of important changes from the initially envisioned structure.

At the seventh meeting, the Board decided that the General Counsel and the Risk Manager should report directly to the Executive Director, and provide advice to the Board in their respective areas.<sup>13</sup> It also became evident that the Office of the Secretary to the Board needed to be strengthened with increased direct access to the Board. During the recruitment process, the Secretariat realised that some positions approved in the initial structure could not be filled by a single person due to the diverse skill requirements required for the job, and some positions could be filled by less senior, competent candidates whilst others had to be filled at higher levels than originally envisioned.

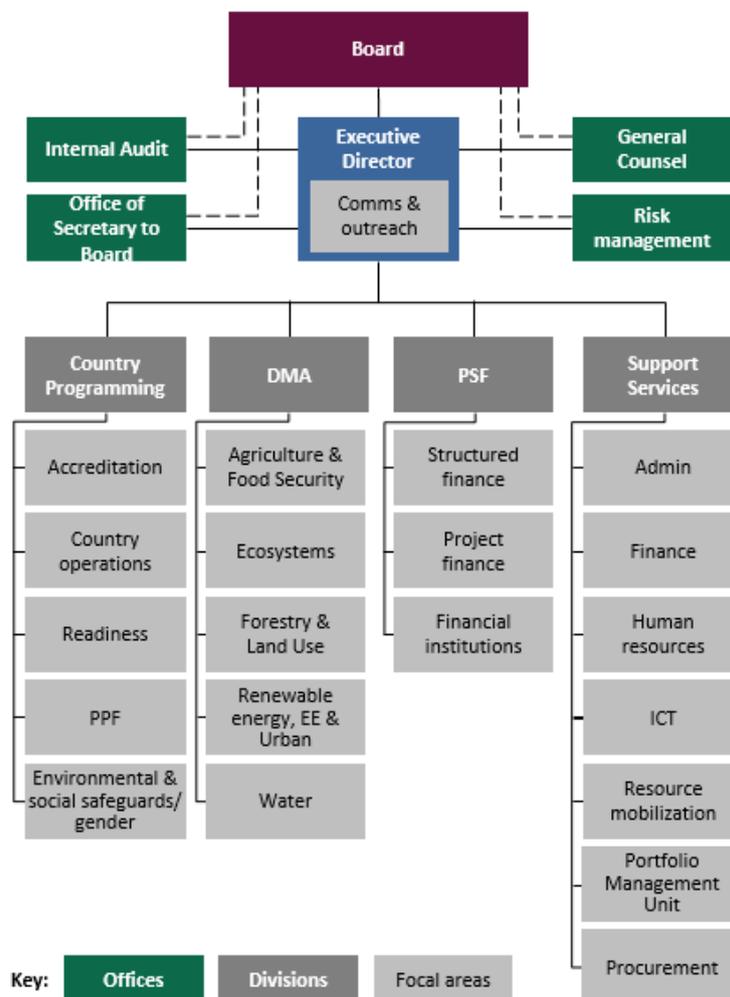
As a result, an updated Secretariat structure was presented at the eighth Board meeting in 2014. The updates included creating three offices: General Counsel, Risk Management and Secretary to the Board; without the establishment of the External Affairs division. These adjustments did not result in a net increase in the number of approved positions, or in an upgrade to the levels of existing positions. Subsequent to this, the Secretariat added an Internal Audit unit that reports directly to the Executive Director and a Portfolio Management Unit (PMU) under DSS, resulting in the GCF’s current structure shown in Figure 2.<sup>14</sup>

<sup>12</sup> Initial Structure and Staffing of the Secretariat, GCF/B.05/10 September 2013

<sup>13</sup> GCF/B.07/11 Annex XI, Table 2

<sup>14</sup> Annual Update on the Structure and Staffing of the Secretariat GCF/B.08/Inf.05 September 2014

Figure 2: Current structure of the Secretariat<sup>15</sup>



The Board approved incremental increases in the number of staff over time to overcome capacity challenges and effectively support the Board in its strategic and operational priorities. At its twelfth Board meeting in March 2016, the Board authorized the recruitment of up to 100 new staff positions by the end of 2016 and up to 140 by the end of 2017, which will be over three times the size of the initially approved level of staffing.

The Secretariat has accordingly attempted to recruit additional staff, with a focus on building up expertise in (i) executive direction and management, including communications; (ii) project review, assessment and management; (iii) country relationship and stakeholder support; (iv) institutional support (Secretary to the Board, Legal, Finance and administrative services); and (v) risk management, compliance and audit. However, given the challenges the GCF has faced in hiring and retaining staff, the number of filled posts has consistently been lower than approved.

<sup>15</sup> Annual update of structure and staffing of the Secretariat, GCF/B.11/11, October 2015

## 2.3 OUTSTANDING QUESTIONS AND CONSIDERATIONS

The Secretariat's current approach to meeting the increasing demands from the Board has predominantly been to add capacity into the existing structure approved in 2013. Given that GCF is still relatively small and progressing towards full operationalization, this has made sense thus far. However, going forward, as the GCF's focus shifts towards processing a higher volume of funding proposals and managing a portfolio of approved project and programmes, it is worth considering whether the current structure is best suited to deliver the main priorities, or whether it should be adjusted.

The Secretariat proposed a major update to the Secretariat's structure at the eleventh meeting in October 2015 which entailed building divisions around functional responsibilities. This was not approved by the Board as there were some concerns with the proposed structure. In particular, the Board was worried the new structure might dilute the elements of the PSF; highlighted the risk of splitting the tasks of portfolio management and development into a Portfolio Management and Operations Division (PMO) and Portfolio Development and Investment Division (PDI) and that having the same people overseeing these two processes together might be more beneficial; and raised questions around how the new structure would deliver better outcomes than the current structure.<sup>16</sup> The Board was also concerned about approving a new structure given that a strategic plan had not yet been developed.

As the Strategic Plan has now been developed, and the Secretariat's operations have evolved significantly since 2015, it is now an opportune time to revisit whether the Secretariat's current structure remains fit for purpose.

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<sup>16</sup> Annual update of structure and staffing of the Secretariat, GCF/B.11/11, October 2015; Report of the eleventh meeting of the Board, 2–5 November 2015

### III. CHALLENGES CURRENTLY FACED BY THE SECRETARIAT

As a new entity with a critical mandate and significant expectations from the international community for immediate and impactful action, the pressure on the GCF, and the Secretariat in particular, has been significant. As GCF has moved towards full operationalization over the past few years, this has translated into an increasingly heavy work load and an accelerating pace of work for the Secretariat in a broad range of areas, including policy development, development of internal procedures, implementation of the project/program cycle, and monitoring of approved projects. This has exposed several challenges with the Secretariat's existing operations and structure, some of which could impact GCF's ability to deliver on its Strategic Plan.

Across the Secretariat, there is general agreement about what these challenges are, and the pressing need to address these to improve the Secretariat's effectiveness and efficiency going forward. Whilst the primary focus of this paper is on the Secretariat's organizational structure, it is important to have a comprehensive overview of the key challenges faced by the Secretariat, many of which are related to insufficient capacities, systems and tools, and lack of clear roles and responsibilities. Some of these challenges will not be directly addressed by the structural modifications suggested in this document, as this document is the first of two separate reports to be submitted to the Board, with a primary focus on the Secretariat's organizational structure. However, the second report will focus on projecting the Secretariat's capacity needs, how the Secretariat can address key non-structural challenges over time, as well as long-term organizational design options and an implementation plan to achieve these options. As such, a summary of the key challenges faced by the Secretariat is provided below.

The Secretariat currently faces four types of challenges: structure, capacities, systems and tools, and roles and responsibilities. In terms of structure, the Secretariat faces challenges around the fact that many cross-cutting roles are not optimally placed to facilitate sharing of expertise (e.g., with ESS and gender specialists being placed in CPD, technical experts in DMA, and financial product specialists in PSF). This siloed placement of staff is also reflected by multiple divisions hiring staff with similar skill sets, which results in duplication of activities across divisions. The Secretariat also has some structural gaps; for example, due to the lack of an External Affairs division, GCF's communications is not currently perceived to be as strategic as it could be.

In terms of capacities, there is general agreement that current capacities are inadequate to submit high quality deliverables on time. Many staff feel overburdened and several units do not have the staff they need with required skill sets, a problem which is exacerbated by other challenges such as a lack of on-the-job training. In addition, many staff members noted the weak institutional culture resulting from the high turnover rate of staff, particularly at the senior level, and the need for an overarching strategy for recruiting, as the creating and filling of new positions is perceived to have been mostly ad hoc to date.

Systems and tools were highlighted as another area in which the Secretariat faces challenges. As GCF is a relatively young organization, many policies (e.g., project/program eligibility criteria) are still being created or awaiting approval from the Board. This has led to some divisions operating according to interim policies, which in some instances has led to inconsistencies and confusion. In addition, there are currently limited joint work programs which would allow for closer inter-divisional collaboration and mutually reinforcing program goals. The Secretariat also sees room for further streamlining and

optimization in its core procedures, which currently involve several different teams at various stages, leading to duplication of steps and prolonged processes. Lastly, in some units and functions, software systems are still in the process of being updated or procured.

Many Secretariat staff members also lack clarity around roles, responsibilities and standard operating procedures, particularly when it comes to core processes (e.g., accreditation, proposal review, project inception, and project evaluation). The figure below presents a summary of these cross-cutting challenges.

**Figure 3: Summary of cross-cutting challenges within the Secretariat**

Challenge	Sub-categories	Key examples
<b>Structure</b>	<ul style="list-style-type: none"> <li>Imperfect structural divisions</li> <li>Duplication of activities across divisions</li> <li>Structural gaps</li> </ul>	<ul style="list-style-type: none"> <li>Many cross-cutting roles sit within specific divisions, limiting sharing of expertise (e.g. ESS and gender specialists in CPD, technical experts in DMA, and financial product specialists in PSF)</li> <li>Divisions have hired staff with similar skill sets</li> <li>Due to the absence of an External Affairs division, GCF's communications aren't currently perceived to be as strategic as they could be</li> </ul>
<b>Capacities</b>	<ul style="list-style-type: none"> <li>Lack of capacity</li> <li>Experience gaps</li> <li>Weak institutional culture</li> <li>Capability / function mismatch</li> </ul>	<ul style="list-style-type: none"> <li>Staff are overburdened and current capacities are inadequate to submit quality deliverables on time in some areas</li> <li>Several units do not have staff with the required skill set, which is perceived to be exacerbated by a lack of on-the-job training and inconsistencies in grading systems</li> <li>The high turnover rate, particularly at the senior level, has affected the corporate culture</li> <li>Creation and filling of posts are perceived to have been ad hoc and not defined by an overarching strategy</li> </ul>
<b>Systems and tools</b>	<ul style="list-style-type: none"> <li>Lack of policies</li> <li>Lack of inter-divisional coordination / collaboration</li> <li>Inefficient procedures</li> <li>Inadequate operating/ support systems</li> </ul>	<ul style="list-style-type: none"> <li>The Fund started operating without clear policies (e.g. risk framework) so had to create interim policies</li> <li>There are limited joint work programs and KPIs which would allow for inter-divisional collaboration and mutually reinforcing program goals</li> <li>Approvals and disbursements are slow as they require input from several different teams which prolongs the process</li> <li>In some units and functions, software systems are still in the process of being procured</li> </ul>
<b>Roles and responsibilities</b>	<ul style="list-style-type: none"> <li>Lack of clarity around roles and responsibilities, and SOPs within the Secretariat</li> </ul>	<ul style="list-style-type: none"> <li>There is a lack of clarity around which units are responsible for decision-making, and a lack of standard operating procedures</li> </ul>

## IV. STRATEGIC CONSIDERATIONS FOR THE SECRETARIAT'S STRUCTURE

At its eleventh meeting, after the initial phase of rapid operationalization, the Board converged on the importance and need to set out a strategic plan for the GCF. The aim of developing a strategic plan was to guide the further development of GCF's operational modalities, with a view to achieving its overarching objective to promote the paradigm shift towards low-emission and climate-resilient development pathways.

At its twelfth meeting, the Board endorsed the Strategic Plan for the Initial Resource Mobilization period of 2016 to 2018. The Strategic Plan outlines the GCF's strategic vision, operational priorities and action plan and highlights the need to address policy gaps and to invest the Fund's resources in a more country-driven manner. The Strategic Plan builds and expands on the Fund's initial operational framework and addresses the shift towards processing funding proposals, and managing a large portfolio of projects and programmes. Additionally, the Board formally requested the Secretariat to provide updates on the development of regional hubs and its work to strengthen expertise in regions to support countries.

More recently, at its sixteenth meeting, the Board further discussed the potential establishment of regional coordination offices with the aim of building support for direct access entities and projects. Several options to achieve this were raised including using existing offices, using staff from other organizations, or establishing new offices as per the invitation of the President of Namibia to host a GCF African regional office. Additionally, the Board responded positively to proposals to further develop upstream processes to improve the quality of funding proposals.

The Board requested the Secretariat to take all steps necessary to implement the action plan contained in the Strategic Plan. This section outlines how the Strategic Plan will change the Secretariat's activities going forward, and the implications this might have for the structure of the organization.

### 4.1 GCF'S STRATEGIC PRIORITIES

The main operational priorities for the GCF, as laid out in the Strategic Plan and discussed during recent Board meetings, are as follows:

**Prioritizing pipeline development.** The GCF is to focus on actions and activities that will increase the number of projects and programmes submitted to the GCF. These actions and activities should be country-driven, of high impact, and should be scalable. The actions under this priority include enhanced readiness support, multi – stakeholder engagement, and co-financing with other financial institutions.

**Strengthening the GCF proactive and strategic approach to programming.** This strategic measure aims to facilitate a more programmatic approach to funding proposals. While discussions are ongoing, the general direction includes country and entity annual work programs, market surveys, feasibility studies to identify existing gaps in country needs and support.

**Enhancing accessibility and predictability.** In 2016, the Board adopted a number of strategic decisions that provide countries with clarity on the accessibility of GCF financial resources and the areas in which the GCF can support countries' strategies and plans. The actions to be taken include providing

readiness support for the preparation and implementation of nationally determined contributions and adaptation-related elements of the Paris Agreement; surveys of stakeholders focused on enhancing engagement with the GCF; a readiness guidebook; and a simplified proposal approval process.

**Maximizing the engagement with the private sector.** A private sector outreach plan will be developed based on the results of a survey of private sector actors, with the aim of addressing current barriers to private sector engagement.

**Building adequate institutional capacities.** Following Board approval of a total of Secretariat staff of up to 140, efforts have been made to recruit competent professionals to join the GCF. In addition, the Board's processes, including decision-making related to funding proposals, will be made more efficient, operationalization of the three independent accountability units will be finalized, and the roles and structures of independent panels and groups reviewed to ensure they remain complementary to the Secretariat.

## 4.2 POTENTIAL IMPLICATIONS ON ORGANIZATIONAL STRUCTURE

**Prioritizing pipeline development.** The focus on developing a pipeline of quality proposals will encourage GCF to move upstream and provide clearer guidance to NDAs and AEs to ensure that high quality proposals which meet country priorities and GCF's transformational goals are presented to the Board. However, this practice will substantially increase capacity requirements to avoid backlogs given the number of concept papers and funding proposals GCF expects to receive in the coming years. In order to address this issue, GCF will need to consider changing its practice or sourcing additional capacity. A combination of the following measures could be considered: increasing the quality of incoming proposals by accelerating readiness support and increasing the use of project preparation facility, while providing clearer guidance to NDAs and AEs; limiting the number of concept papers and funding proposals by introducing minimum quality standards; and increasing flexible capacity by outsourcing part of the proposal due diligence. The potential impact of these measures will be explored in detail in the next phase of the project.

**Strengthening the GCF proactive and strategic approach to programming.** A truly country-driven approach requires active and fully-informed NDAs who can mobilize public and private sectors and work in close partnership with AEs to develop a strategic project pipeline, and enhanced capacity building efforts. This has raised the question, as recent as B16, if the GCF should be more present in its target regions. Having a stronger regional presence can ensure closer engagement and collaboration with NDAs and local entities, enhancing GCF's overall accessibility. However, regionalization also entails several risks, such as duplication of efforts already being undertaken by partners and increased cost, which would require further analysis and a mitigation strategy.

**Maximizing the engagement with the private sector.** Given this strategic priority, GCF should continue to retain a separate team / unit that specializes in private sector engagement. However, GCF also needs to find ways to ensure that both PSF and DMA can draw upon the same sources of technical expertise, given the clear need for shared knowledge between public and private sector projects, as well as create more public - private expertise. These changes could include, for example, creating joint incentives, work programs and KPIs to facilitate greater inter-divisional collaboration and expertise sharing. PSF has also been using RFPs in order to receive higher quality private sector proposals from entities, some of which have not yet been accredited. While this could be one way to enhance private

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sector engagement, the implications this would have on the Secretariat's structure and capacity would require further analysis as evaluating bids can create short-term strains on workload.

## V. OPTIONS FOR THE SECRETARIAT'S STRUCTURE

The findings in the section above have outlined some of the current challenges and demands facing the Secretariat, and illustrated the need to reconsider the organizational structure and the potential benefits of doing so. Over the course of the next months, the Dalberg team will complete the review of the current and future capacity requirements of the Secretariat and make recommendations on the evolution of the organizational structure.

By way of an initial progress report, Dalberg was asked to present a view on the short term structural changes. The changes presented in this section represent the Dalberg team's initial focus on adjustments that are impactful, practical, and can be implemented over the next one to two years. These changes will start to address the challenges observed in section three of this report, draw on insights from other multilateral organizations' structure, and build on a set of key design principles outlined below.

### 5.1 KEY DESIGN PRINCIPLES

The proposed changes to the organizational structure have been designed around six principles, which have been distilled from the guidance outlined in the Fund's Governing Instrument, past Board decisions and discussions, and best practices used by other multilateral organizations. These principles reflect factors that were core to the Fund's creation and every-day operation, and therefore should be reflected in the Secretariat's structure. These principles are the following:

1. **Country-driven.** The Fund has a mandate to pursue a country-driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders. It should promote coherence in planning at the national level, and provide resources for readiness and preparatory activities and technical assistance. Country-ownership is a core principle of the business model framework of the Fund.
2. **Risk-taking.** The Fund must balance its willingness to take risks, such as on very large projects or proof-of-concept projects that could be transformative, and disburse funds quickly, with the need to maintain the reputation of the Fund and remain nimble.
3. **Complementary.** The Fund must complement and, when appropriate, enhance the activities of other relevant bilateral, regional and global funding mechanisms and institutions to better mobilize the full range of financial and technical capabilities to tackle climate change. The Fund should also promote the input and participation of stakeholders, including private sector actors, civil society organizations and vulnerable groups (e.g., women and men from socially excluded groups, minority communities, indigenous peoples etc.), in the design, development and implementation of its strategies and activities, and should effectively utilize existing organizations and programs to increase its reach and scale.
4. **Scalable and flexible.** In order to promote a transformational, global paradigm shift towards low-emission and climate resilient development pathways and become the main global fund for climate change finance, the Fund must be scalable. The Fund's operations and structure must also remain flexible and evolve with the Fund's scale and maturity and in response to country-driven demands, to ensure it remains as effective and efficient as possible over time.

5. **Efficient.** The Fund’s processes, procedures, structure and organization must be simple and streamlined with clear roles and responsibilities, ultimately ensuring GCF’s cost-effectiveness and ability to work effectively with partners.
6. **Inclusion of a private sector focus.** The Fund has a mandate to promote the participation of private sector actors in developing countries, and must directly and indirectly finance private sector mitigation and adaptation activities at the local, national and international level through local actors, small and medium-sized enterprises and local financial intermediaries.

## 5.2 OPTIONS FOR THE STRUCTURE AND ORGANIZATION OF THE FUND

Preliminary analysis identified seven areas where GCF’s organizational structure could be adjusted in the short to help to overcome some of the main challenges facing the Secretariat, as outlined in Figure 3 **Figure 4**. In light of these challenges, key proposed changes and short term options are shown in the figure below.

**Figure 4: Potential options for adjusting the Secretariat’s structure**

Proposed change	Key challenge addressed	Short term (one to two year) options for consideration
<b>1. Position of the Deputy Executive Director</b>	<ul style="list-style-type: none"> <li>• The Executive Director faces challenges around simultaneously representing GCF externally and building up a relatively young organization, and has eight divisions / offices that report to him.</li> </ul>	<ul style="list-style-type: none"> <li>• Create a full-time, standalone Deputy Executive Director position; <b>or</b></li> <li>• Create a Deputy Executive Director role and add the associated responsibilities to a member of the Senior Management Team.</li> </ul>
<b>2. Need for a shared approach between divisions</b>	<ul style="list-style-type: none"> <li>• Each division has its own experts, and limited access to each other’s experts.</li> <li>• Perceived imbalance in the expertise on mitigation and adaptation.</li> </ul>	<ul style="list-style-type: none"> <li>• Engage in joint objectives setting process (e.g., joint work programs and performance measurement standards) to strengthen collaboration between divisions.</li> </ul>
<b>3. Position of the Project Preparation Facility (PPF)</b>	<ul style="list-style-type: none"> <li>• The majority of PPF’s work requires technical expertise from DMA/PSF.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide an opportunity for the recently recruited staff member to liaise between CPD and DMA/PSF; <b>and</b></li> <li>• Engage in joint objectives setting process (e.g., joint incentives, KPIs) to strengthen collaboration between divisions.</li> </ul>
<b>4. Position of the portfolio monitoring function</b>	<ul style="list-style-type: none"> <li>• Portfolio monitoring function currently sits under DSS, limiting engagement with the project management cycle and knowledge sharing.</li> </ul>	<ul style="list-style-type: none"> <li>• Clarification of the process is underway, to streamline the overall project cycle.</li> </ul>
<b>5. Rename Office of Secretary to the Board (OSB)</b>	<ul style="list-style-type: none"> <li>• OSB’s mandate is broader than its name suggests (serving as secretary to the Board).</li> </ul>	<ul style="list-style-type: none"> <li>• Consider renaming OSB</li> </ul>

<p><b>6. External Affairs division</b></p>	<ul style="list-style-type: none"> <li>• GCF’s communications aren’t currently perceived to be as strategic as they could be, and an increased focus on diversifying the Fund’s funding sources (including foundations) is underway.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish an External Affairs division which could be responsible for all external communications and liaising with the media; <b>and</b></li> <li>• Following the Global Fund model, the external affairs team could also manage relationships with contributors. This would require moving the resource mobilization team from DSS to the External Affairs division.</li> </ul>
<p><b>7. Enhancing regional capacity</b></p>	<ul style="list-style-type: none"> <li>• Being country-driven is an important part of GCF’s mandate, but currently GCF’s in-country presence is limited.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue efforts to find local partners through its readiness and country programming efforts; <b>and</b></li> <li>• Continue to improve regional presence by extending the network with additional regional advisors and establishing strategic partnerships with partners that are non-AEs.</li> </ul>

## 1. Position of the Deputy Executive Director

The Executive Director (ED) must balance representing the GCF externally with overseeing and building the Fund’s activities internally. This is a substantial undertaking, and the extensive travel requirements of the ED limit the time he has available to spend at the Secretariat. This makes coordinating and overseeing the activities of eight divisions and offices, all of which report to him directly, challenging.

To overcome this and alleviate the current pressure on the Executive Director, a Deputy Executive Director position should be created. The Deputy Executive Director could be responsible for overseeing the functions of some of the Secretariat’s divisions and offices, and remain flexible to taking on parts of the Executive Director’s workload as required. The division of responsibilities should be discussed and agreed upon between the Executive Director and the Deputy Executive Director. Alternatively, the role of the Deputy Executive Director could be created and associated responsibilities could be allocated to an existing member of the Senior Management Team.

Redistributing some of the Executive Director’s workload by creating a Deputy Executive Director position would free up time for the Executive Director, and allow him to focus on building external relationships and providing strategic guidance to the Secretariat. It would also provide additional capacity for oversight of the Secretariat, which may help to increase the Secretariat’s efficiency and build up the organizational culture. However, there is a risk that this could unnecessarily add an extra layer of leadership and additional reporting lines, if roles and responsibilities are not clearly defined from the beginning.

Whilst allocating some of the Executive Director’s responsibilities to an existing member of the Senior Management Team may be more cost-effective and faster to implement, Senior Management staff already have extensive workloads and, at present, are unlikely to have the capacity to take on this role. In addition, given the existing reporting and decision-making structure, there may also be a (perceived) conflict of interest around a member of the SMT taking on the responsibilities of a Deputy Executive Director. As such, a full-time, standalone Deputy Executive Director will be better positioned to support the Executive Director and the Secretariat’s overall operations.

## 2. Need for a shared approach between divisions

Under the current structure and staffing, technical experts sit within specific divisions, which has proven to be a barrier to cross divisional collaboration. For example, ESS and gender specialists are currently part of CPD, thematic experts part of DMA, and financial product specialists part of PSF. The analysis of the challenges experienced by the Secretariat highlight an opportunity to improve access to all relevant expertise across divisions.

To overcome this siloed approach and strengthen collaboration and lateral communication between CPD, DMA and PSF, the Secretariat could engage in joint objective setting for all three divisions. The joint objectives would have to be set at the process level, so that all divisions that are part of the process have aligned incentives. This would help to formalize, and incentivize, the process for stronger inter-divisional coordination and collaboration in the short term, and would entail limited organizational disruption or change management.

### **3. Position of the Project Preparation Facility (PPF)**

The PPF, conceived to facilitate progress from country programming to funding proposals, currently sits under the CPD. The implementation of the PPF has highlighted a strong dependency on the technical expertise contained within PSF and DMA. This cross-divisional dependency has had a negative impact on operating efficiency.

In the short term, the Secretariat could encourage improved collaboration and coordination. This could be done, for example, by providing opportunities for the recently recruited Project Preparation / NAPs Senior Specialist to coordinate activities between the PPF and PSF/DMA, and ensure that technical experts are consulted where relevant in a timely manner. Coordination and collaboration around the PPF could also be incorporated into any joint objectives or targets that are introduced. This would ensure greater continuity between project inception and implementation, and could potentially lead to higher quality funding proposals which have benefited from greater technical input at the inception stage.

### **4. Position of the portfolio monitoring function**

Portfolio monitoring is currently conducted by the newly created Portfolio Management Unit (PMU). Currently there are no clear, streamlined processes for incorporating PMU's feedback into project assessment, and as PMU sits within DSS, the monitoring function is perceived to be separated from the overall project cycle. This creates challenges for the sharing of technical expertise between PMU and other divisions, such as DMA and PSF, and in some cases also leads to unnecessary inefficiencies in processes.

The Secretariat has already started to clarify the role of the portfolio monitoring process in the overall project cycle to ensure closer collaboration between PMU and project assessment teams, and it should continue these efforts. It should also aim to provide stronger guidance to accredited entities on monitoring requirements for funding proposals, which will further streamline the project cycle. This will be particularly important given GCF's priorities in approving and disbursing funds at scale, and at speed.

### **5. Office of the Secretary to the Board (OSB)**

The Office of the Secretary to the Board's (OSB) mandate is broader than its name suggests, which causes confusion around the activities undertaken by the office. In addition to acting as a liaison between the Board and the Secretariat, OSB is responsible for managing relationships with external

multilateral processes such as UNFCCC and other climate funds. Additionally, it facilitates the internal follow up of the COP guidance and other Board policies (e.g. Information Disclosure Policy) in GCF operations. The OSB helps to promote complementarity and coherence with other climate finance delivery channels. To overcome this challenge, the Secretariat could consider renaming the office to more accurately reflect its role.

## 6. External Affairs

GCF's external communications are currently perceived as not being as strategic as they could be. External communications are incredibly important both for generating external support for the Fund and its activities, and for attracting implementing entities and high quality project proposals. The GCF will need to communicate strategically if it is going to reach its ambitious fundraising and disbursement targets, and this will become increasingly important as the Fund scales up and must attract increasing interest from potential contributors and recipients.

Given the importance of this function, the Secretariat could consider establishing an External Affairs division, as proposed and approved in the Fund's initial structure.<sup>17</sup> This division could be responsible for setting the strategy and standards for external communications, public/ media outreach, building strategic partnerships with entities not involved in the project cycle, and managing relationships with (current and potential) contributors. This would require the resource mobilization team to move from DSS into the External Affairs team. Once established, this division would not need to change structurally in the future.

While GCF would require additional resources to establish an External Affairs division, including recruiting a division Director, the existence of such a team would help to raise the Fund's profile externally, facilitate improved engagement with external partners, and ensure that the Secretariat's communication efforts are more strategic and targeted. Therefore, the establishment of an External Affairs division is likely to lead to substantial gains for the Fund in the future.

## 7. Enhancing regional capacity

As outlined in the design principles, the GCF is mandated to pursue a country-driven approach and promote and strengthen engagement at the country level. Whilst the CPD works to promote readiness and ensure national priorities are reflected in project proposals, the Fund's in-country presence is currently limited, which may reduce GCF's ability to build and strengthen countries' capacities.

In the short term, the Secretariat could continue finding local partners through its readiness and country programming efforts, or extend its in-country network by hiring additional regional advisors and establishing strategic partnerships with non-AEs. In the longer term, following the examples of some other multilateral institutions that have expanded their regional footprint, the GCF could potentially consider achieving organic growth by setting up regional entities. However, before considering this long-term option, GCF would need to ensure that there is a strong core Secretariat in Songdo that can manage the complex and resource-intensive process of establishing new entities.

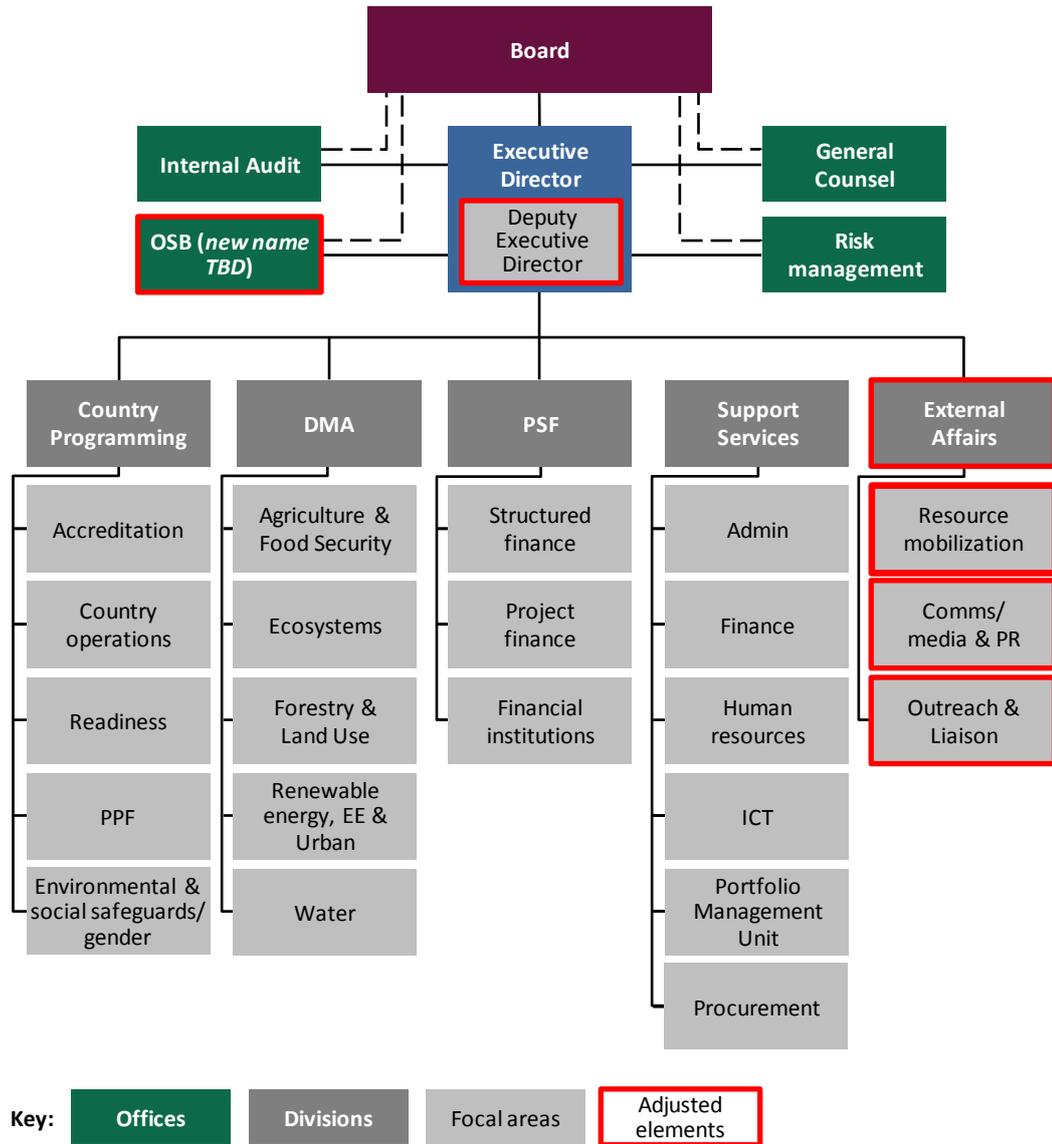
## 5.3 PROPOSED SHORT TERM ORGANOGRAM OF THE GCF SECRETARIAT

Based on the short term structural changes outlined above, the following figure represents the proposed short term organogram of the GCF Secretariat.

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<sup>17</sup> Initial Structure and Staffing of the Secretariat, GCF/B.05/10 September 2013

**Figure 5: Proposed short term organogram of the GCF Secretariat**



## VI. NEXT STEPS

Dalberg's engagement with the Fund on this current assignment will continue through to mid-August. During this period, the considerations presented in this document will be updated and confirmed through the following next steps:

- **Estimate the future capacity requirements of GCF.** An initial assessment of staffing needs by the Secretariat indicated a need for 180 staff to meet the growing demands that the Secretariat faces.<sup>18</sup> This estimate will be updated by Dalberg based on an identification of capacity drivers and an assessment of how these are expected to change in the future under different scenarios.
- **Develop longer-term structural options** based on further input from GCF staff, SMT, and Board members and incorporating insights from the capacity projections process.
- **Create a clear and actionable implementation plan** which details what activities are needed to move to the proposed long-term structure for the Fund and outlines the roles of potential external partners, if required. The document will also include a communication plan to explain to stakeholders what is happening and what it will mean for them.

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<sup>18</sup> Revised administrative budget and staffing of the Secretariat for 2016, GCF B.12/15

## APPENDIX A: LIST OF DOCUMENTS REVIEWED

Document No.	Document title
GCF/B.04/08	Business Model Framework: Structure and Organization
GCF/B.05/10	Initial structure and staffing of the Secretariat
GCF/B.07/07	Structure of the Fund and the Secretariat
GCF/B.08/Inf.05	Annual update on the structure and staffing of the Secretariat
GCF/B.11/11	Annual update on the structure and staffing of the Secretariat
GCF/B.11/24	Decisions of the Board – eleventh meeting of the Board
GCF/B.11/25	Report of the eleventh meeting of the Board
GCF/B.12/06	Report on the development of the Draft Strategic Plan
GCF/B.12/32	Decisions of the Board – twelfth meeting of the Board
GCF/B.12/33	Report of the twelfth meeting of the Board
GCF/B.13/20	Status of staffing of the Secretariat – a progress report
GCF/B.13/32/REV.01	Decisions of the Board – thirteenth meeting of the Board
GCF/B.13/33	Report of the thirteenth meeting of the Board
GCF/B.14/17	Decisions of the Board – fourteenth meeting of the Board
GCF/B.14/18	Report of the fourteenth meeting of the Board
GCF/B.15/03	Draft Work Plan of the Board for 2017
GCF/B.15/24	Decisions of the Board – fifteenth meeting of the Board
GCF/B.15/25	Report of the fifteenth meeting of the Board
GCF/B.16/04	Implementation of the initial strategic plan of the GCF – Annual Report
GCF/B.16/21/REV.01	Work programme of the Secretariat for 2017 and adjusted administrative budget
GCF/B.16/23	Decisions of the Board – sixteenth meeting of the Board
-	List of staff (16 Feb 2017)
-	GCF staff survey 2017
-	GCF staff data (confidential)
-	GCF full-time HQ consultant list (confidential)

## APPENDIX B: LIST OF INTERVIEWEES

Category	Position
Secretariat	Country Programming Division (CPD) including Acting Director, Accredited Entities Specialists, and Gender, Environmental & Social Safeguards Specialists
	Division of Mitigation and Adaptation (DMA)
	DSS – Administration
	DSS – Finance and Resource Mobilization
	DSS – HR
	DSS – ICT
	DSS – PMU
	DSS – Procurement
	Executive Director
	External Consultant responsible for Operations Manual
	Office of Executive Director (OED) – Communications
	Office of General Counsel (OGC)
	Office of Internal Audit (OIA)
	Office of Risk Management (ORM) including Compliance
	Office of Secretary to the Board (OSB)
	Private Sector Facility (PSF)
	Senior Management Team (SMT)
	Staff Council
All Staff	
Board members / stakeholders	Ayman Shasly (Co-Chair)
	Ewen McDonald (Co-Chair) – <i>scheduled for 22/06</i>
	Advisors to the Board Co-Chairs
	Independent Evaluation Unit (IEU)
	Independent Integrity Unit (IIU)
	Independent Redress Mechanism (IRM)
Accredited Entities	European Investment Bank
	Environmental Investment Fund of Namibia



	Secretariat of the Pacific Regional Environment Programme (SPREP)
	UN Environment Programme (UNEP) – <i>to be scheduled</i>
	XacBank
National Designated Authorities / Focal Points	Chile – <i>to be scheduled</i>
	Gambia
	Morocco – <i>to be scheduled</i>
External organizations	Adaptation Fund – <i>to be scheduled</i>
	Climate Investment Funds – <i>scheduled for 19/06</i>
	Gavi Alliance – <i>to be scheduled</i>
	Global Environment Facility – <i>to be scheduled</i>
	Global Fund to Fight AIDS, Tuberculosis and Malaria – <i>to be scheduled</i>
	Montreal Protocol – <i>to be scheduled</i>

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