



**GREEN
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FUND**

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2021 work programme of the Secretariat and annual administrative budget of the GCF Secretariat, Board and Trustee

Summary

This document presents the 2021 work programme of the Secretariat and the proposed 2021 administrative budget of the Secretariat, the Board and the Trustee. It includes a draft decision for Board consideration; the proposed work programme and budget; a framework for an output-based budget; a consolidated overview of the budget of the GCF that includes the budgets of the independent units; a provisional results framework designed to support an assessment of the Secretariat's progress on key work programme targets; and the Secretariat organogram.

Table of Contents

Executive summary	1
Highlights of proposed 2021 administrative budget	9
Annex I: Draft decision of the Board	12
Annex II: Work programme of the Secretariat for 2021 and administrative budget	13
Annex III: Output-based budget	57
Annex IV: Total administrative budget including independent units	61
Annex V: 2021 Secretariat Work Programme Results Framework	62
Annex VI: Secretariat Organogram	67

Executive summary

1. Paragraph 23(e) of the Governing Instrument for the GCF directs the Secretariat to “develop the work programme and annual administrative budget of the Secretariat and Trustee and submit them for approval by the Board.” This document is submitted in fulfilment of that mandate. In addition, at the request of the Budget Committee, this document presents the administrative budget of the Board and includes, in annex IV, a consolidated administrative budget that covers all of the instrumentalities of GCF, including its independent units.

2. It would not be possible to put the Secretariat’s 2021 work programme and budget into an appropriate context without discussing the incredible changes that have taken place since the 2020 work programme was prepared and submitted to the Board in October 2019. First, since that time, 31 countries have pledged some USD 9.9 billion to the GCF’s first replenishment (GCF-1). This welcome replenishment increased GCF’s annual programming ambition by some 70 per cent, presenting immense opportunities for both the GCF and the developing countries it supports. In parallel, the GCF portfolio under implementation has grown by 250 per cent since the start of 2019, accelerating the deployment of resources on the ground and representing a substantial maturing of GCF operations. Second, at the time that the 2020 work programme was adopted by the Board, the world had not heard of the novel coronavirus, COVID-19, much less begun to grapple with its pervasive global impacts and the impact it has had on the GCF. These enormous changes compared with the situation last October have set the stage for the work of the GCF in 2021, a year that, at its end, will bring the GCF to the midpoint of GCF-1. In that regard, the Secretariat is mindful of the need for GCF to demonstrate real progress in supporting developing countries’ climate ambitions, as well as the opportunity to support their climate action in a manner that would complement their COVID-19 recovery efforts, thereby enabling a climate-resilient recovery. Third, the Secretariat recognizes that the Board is yet to approve the Updated Strategic Plan of the GCF 2020–2023; therefore, adjustments to the 2021 work programme may be needed and the Secretariat will report on any course corrections, as needed, under its “Report on the activities of the Secretariat”.

3. In this context, the Secretariat is well positioned to build on the forward-looking initiatives that were highlighted in its 2020 work programme, including the use of dynamic adaptive management techniques in the management of the GCF portfolio, and further operationalization of a digital workplace. These initiatives positioned the Secretariat during 2020 to be able to adapt to the unique challenges posed by COVID-19 on critical GCF operations. Beyond this important work, the Secretariat undertook a series of additional initiatives during 2020 that will be essential in setting up the GCF to meet the ambitions of GCF-1, including the development and/or deployment of a series of manuals and related standard operating procedures, and the establishment of service standards that will help to increase the quality, predictability, efficiency and effectiveness of a wide range of Secretariat processes and products.

4. As in the past, the 2021 work programme and the accompanying streamlined results framework do not attempt to review the thousands of activities that the Secretariat engages in on a day-to-day basis to enable the GCF to develop and oversee its multi-billion-dollar portfolio. Instead, they focus on key initiatives under six key 2021 priorities, with a results framework reframed around expected qualitative outcomes.

5. **Priority 1 is titled “Origination of country-driven, paradigm-shifting investments”.** 2021 initiatives under Priority 1 are aimed at supporting country-driven planning through the preparation of country programmes and entity work programmes (EWPs), and more specifically, through **nationally consulted, accredited entity (AE)-coordinated investment plans designed to address country goals** consistent with Board agreed planning directions. As a result of its substantial historical work with countries, the Secretariat expects to receive in 2021 over 30 developing country-driven programmes containing such investment plans. That

said, the receipt of these plans cannot be an endpoint in itself. Instead, the plans will serve as the initial step in a chain of support to **foster programming partnerships** that will include virtual programming meetings with country Focal Points and AEs, designed to match country needs with the AE/direct access entity (DAE) strengths and coordinate with entity work-plans. These efforts will enable the initiation of the process of turning GCF-aligned concepts into bankable GCF projects and programmes. In this process, the Secretariat plans to further strengthen **on-demand readiness support and project preparation assistance available** to countries and DAEs, through a more coordinated approach, to enable the preparation of higher quality, GCF-aligned concept notes and project proposals. In addition, during 2021, the Secretariat will pivot towards supporting use of integrated multi-year strategic readiness grants, which will provide greater long-term certainty and continuity for, among other things, increased national engagement in pipeline and policy development. This effort will also better support partners to improve the quality of proposals, which in turn improves GCF efficiency and effectiveness through faster review times, fewer re-submissions and accelerating time to approval.

6. Nowhere will this help be more essential than for DAEs and, consistent with Board guidance, the Secretariat's 2021 workplan under Priority 1 will include implementation of a **multi-pronged DAE strategy** that will span both pre-accreditation and post-accreditation stages in order to bring more DAEs on line and enable DAE work to account for a greater share of projects and GCF funding. In that regard, the flexible post-accreditation readiness and project preparation support described above will be matched with pre-accreditation initiatives. Among other things, these will place greater emphasis during the accreditation and re-accreditation processes on international access entity (IAE) commitments to work with and support DAEs; enhance assistance to national designated authorities (NDAs) to identify and support the application of strong, aligned DAE candidates; and pursue efforts to partner with national and regional development banks to increase the accreditation of more DAEs that are well positioned to support national climate goals. Finally, all of this work will be supported through the recruitment/deployment of a dedicated senior DAE coordinator. While these efforts should promote increased direct access, all GCF programmes including the simplified approval process (SAP) and DAEs could also benefit greatly from the enhanced access that would be expected from an updated, streamlined accreditation framework and the adoption of a project-specific accreditation approach (PSAA) that would tap the innovative and/or unique talents of entities and entrepreneurs that cannot otherwise afford to invest the time or effort in institutional accreditation, but who want to partner with the GCF to demonstrate a key project idea. Accreditation and re-accreditation efforts could also be helped by Board approval of an accreditation strategy designed to support GCF-1 programming directions; the Secretariat stands ready to support this if so directed by the Board.

7. COVID-19 is bringing the world to a tipping point or a turning point. We must ensure that economic recovery is green, and that developing countries can access climate finance. GCF has a key role to play in maintaining climate ambition in the era of COVID-19. Therefore, it is not only consistent with its mission to **support national efforts to implement a climate-resilient recovery**, it is its mission, and the opportunity to work in synergy with countries in this effort is enormous. Most climate investments by nature have large development co-benefits; hence, supporting developing countries to finance high-impact climate projects with co-benefits in line with the GCF investment criteria will make a significant contribution to achievement of the goals of the Paris Agreement.

8. To that end, in 2021 the Secretariat will be continuing to use its rapid readiness modality to help countries craft climate-resilient economic stimulus measures to advance climate goals and, at the same time, revive their economies. The Secretariat will also work with partners to explore innovative financing structures to support national efforts to make low-emission climate-resilient investments without increasing countries' debt burdens. Finally, the Secretariat will work with countries that request assistance to review their pipeline to prioritize

high-impact climate projects with co-benefits in line with the GCF investment criteria. The stakes involved in this effort are large; if new investments were to be made in a high-emissions non-resilient manner, the set-back to the goals of the Paris Agreement would be enormous – so we must succeed.

9. **Priority 2 is “Project development and appraisal to build an impactful GCF Portfolio”.** Initiatives for 2021 under this priority are directed towards **delivering annual programming with a view to full execution of GCF-1 resources** and the development and implementation of a balanced and impactful portfolio in line with the Board’s strategic guidance and decisions and the GCFs safeguards policies. Using concept note programming, and increasingly drawing from coordinated country programme investment plans, coordinated EWPs and proposals submitted in response to requests for proposals (RFPs), the 2021 work programme targets a **goal of USD 1.78–2.26 billion in high-quality programming** for 2021 and for each year of the GCF-1 cycle. This represents movement towards a “steady state” of annual funding proposal programming, consistent with the GCF fully executing its USD 9.9 billion first replenishment, once other GCF operating costs are accounted for. Of particular note, the work programme supports the 2021 DAE initiatives noted above through the creation of specific goals on DAE programming. **The 2021 DAE goal of at least 12 DAE projects for USD 250–340 million** reflects both a baseline and an aspiration to steadily build the level of DAE programming over time as initiatives described in Priority 1 bear results.

10. Work on Priority 2 will also consider RFPs. Specifically, following the rapid evaluation of RFPs proposed by the Independent Evaluation Unit (IEU) for 2021, the Secretariat will propose options for their further use, which will include plans for the development of a **second phase of the REDD-plus results-based payments (REDD+ RBP)** that both builds on the success and lessons of phase one and responds to the guidance of the Conference of the Parties (COP). More generally, a substantial amount of the GCF’s resources has been directed towards programmatic activities, but to date, the GCF has given no guidance on their direction or expected outcome. Providing that strategic direction through **an agreed programmatic approach** to allow for multi-country programmes in line with the GCF core principal of country ownership could better harness the full potential of GCF and, at the same time, facilitate easy, NDA-requested access to innovative national, regional and sectoral approaches developed by countries and AEs. Proposals in these areas would be consistent with the notion included in paragraph 32 of the Governing Instrument which states that “the Board will steer the Fund’s operations so that they evolve with the Fund’s scale and maturity and will exercise flexibility to allow the Fund to evolve over time and become the main global fund for climate change finance.”

11. Priority 2 also reviews opportunities to **scale up deployment of the SAP**, a crucial modality that has, among other things, enhanced access for least developed countries (LDCs) and African States and enabled the approval of more DAE and adaptation projects. Specifically, the Secretariat sees enormous potential in a **truly simplified and fully resourced SAP** that accelerates proposal approval and enables the GCF to more quickly unlock the potential innovation in a larger number of smaller DAE projects, particularly in the area of adaptation. Beyond related SAP projects, adaptation programming will be drawn from the existing GCF pipeline and ongoing work on national adaptation plans (NAPs).

12. In addition, the Secretariat will be investigating potential models for private sector investment in this critical area. Regarding private sector initiatives, during 2021 the Secretariat will develop a **private sector engagement strategy** that will pinpoint opportunities for both the GCF and NDAs to build partnerships for advancing innovative and impactful programming as well as strategic investment partnerships. This work, which can also include the public sector and civil society, will help to leverage additional financial inputs from innovative and alternative sources and unlock finance at scale for developing countries. This work will also include enhanced efforts to execute accreditation master agreements (AMAs) for private sector entities



already approved for accreditation by the Board. Efforts to spur private sector investment could also be supported by approval of a flexible PSAA and programmatic approach policy, both of which could make the GCF a better option for a larger group of private sector entities.

13. Finally, a key 2021 initiative for Priority 2 will involve **advancing the ongoing collaborative sectoral guidance effort**, which is analysing widespread country needs and evidence-based programming experiences, and identifying opportunities for high-impact paradigm-shifting project types in each sector to meet those needs. On this basis, the Secretariat will prepare related guidance and usable frameworks to enable interested countries to more easily work with AEs to adapt and advance these specific opportunities in a manner that best meets their national needs.

14. Table 1 below includes **indicative programming goals for 2021**. These are based on a number of assumptions, including availability of commitment authority, an evaluation of the project pipeline and an understanding of resources (Secretariat, Readiness Programme and Project Preparation Facility) available to support pipeline development and review. In addition, the Secretariat's ability to meet its programming goals will also depend on Board decisions relating to a number of key policy items. In particular, the report adopted at B.25 on "Revision of the structure and operations of the independent Technical Advisory Panel" (GCF/B.25/10) recommended updating the operational modalities of the independent Technical Advisory Panel (TAP) to accommodate an increasing number of project proposals by reviewing funding proposals on a rolling basis, shifting to a virtual process for the finalization of assessments, and prioritizing the involvement of members with relevant expertise rather than consensus-building among all TAP members. This will create the enabling conditions required for the GCF to meet its GCF-1 ambition.

15. Finally, these goals were prepared with an understanding that programming for 2021 is very likely to be further shaped by Board decisions taken in the context of the 2020–2023 Strategic Plan. Accordingly, the Secretariat will reassess these 2021 programming goals following the finalization of the updated Strategic Plan and will report to the Board if it believes any changes may be warranted.

Table 1: 2021 Programming goals

Sectors/ country programming		Readiness support (other than adaptation planning)	Adaptation planning	PPF	FPs (all)	Regular FPs	SAP FPs	DAE FPs (incl. SAP & and EDA)
FP/project/programmes		USD amount (number of proposals/requests)						
Country Programming	Approval	47.5 million (55 requests)	39.6 million (18 requests)	7.2 million (12 requests)	Up to 50 million (Up to 5 proposals)*	–	Up to 50 million (Up to 5 SAP)*	Up to 50 million (Up to 5 SAP)*
	Disbursement	11 million (first disbursement)	7.6 million (first disbursement)	5 million (first disbursement)				
Private Sector	Approval				750–880 million (12 proposals)	720–850 million (9 proposals)	30 million (3 proposals)	110–170 million (4–5 FPs)
	Disbursement	–	–	–	108–185 million	104–180 million	4–5 million	32–57 million
Public Sector	Approval	–	–	–	1.03–1.33 billion (33 proposals)	1.0–1.3 billion (30 proposals)	30 million (3 proposals)	90–120 million (3 FPs)



	Disbursement	-	-	-	341-368 million	333-355 million	8-14 million	8-44 million
Totals	Approval	47.5 million (55 requests)	39.6 million (18 requests)	7.2 million (12 requests)	1.78-2.26 billion (45-50 proposals)	1.72-2.15 billion (39 proposals)	60-110 million (6-11 proposals)	250-340 million (12-13 proposals)*
	Disbursement	11 million (first disbursement)	7.6 million (first disbursement)	5 million (first disbursement)	449-555 million (for 2021)	437-535 million	12-20 million	40-101 million

* Dependent on reforms in the implementation of the SAP as described in section 2.2.

Abbreviations: DAE = direct access entity, EDA = enhancing direct access, FP = funding proposal, PPF = Project Preparation Facility, SAP = simplified approval process.

16. Table 2 below summarizes outputs expected for the year 2021 including projections for AMAs, funded activity agreements (FAAs) and cumulative disbursements as of the end of 2021.

Table 2: 2021 Implementation goals

Core indicators	Cumulative baseline (as at 30 September 2020)	Target December 2021
AMAs signed	82 AMA signed	+16 AMAs signed
FAAs signed	123 FAA signed	+28 FAA signed
FPs under implementation and value (USD)	108 FPs (USD 4,635M) (76% of total)	+16 to 23 FPs (USD 813-1,277M)
FPs under disbursement and total disbursed (USD)	88 FPs (USD 1,352M) (62% of total)	+6 to 38 FPs (USD 449-555M)

Abbreviations: AMA = accreditation master agreement, FAA = funded activity agreement, FP = funding proposal, M = million

17. **Priority 3 is “Management of portfolio implementation for results and knowledge”.** While this priority is placed as the third priority in the work programme, that is only due to the positioning of implementation in the project cycle. In fact, the management of GCF’s fast growing multi-billion-dollar portfolio encompasses the most important fiduciary responsibilities that the Secretariat engages in for the Board. Specifically, it includes portfolio monitoring for compliance, dynamic adaptive portfolio management, results management and systemic learning – issues critical to the integrity and reputation of the GCF. The widespread impacts of COVID-19 necessitate an even higher need for continuous and proactive evaluation of the portfolio. Unless the **portfolio implementation function is fully resourced to meet COVID-19 related demands and to grow in line with the GCF’s growing portfolio, there is a risk that trade-offs would need to be made** between a range of critical work including: performing up-front quality assurance to ensure results can be effectively monitored; monitoring funded activities for compliance, results and knowledge; processing disbursements; and ensuring prompt responsiveness to requests for project changes. There are risks to the GCF’s integrity and reputation if all of this work is not undertaken; therefore, the Secretariat believes trade-offs in the performance of these vital functions should not be made.

18. While the GCF business model generally places responsibility for implementation squarely on its AEs, the GCF has an independent fiduciary responsibility to the Parties to monitor implementation to ensure both compliance with GCF requirements and progress



towards the achievement of agreed results. Indeed, the extent of that responsibility has grown significantly, and the Secretariat is now responsible for overseeing the implementation of, among other things, 128 projects and programmes, 332 non-NAP readiness grants and 58 NAP readiness grants. The Secretariat must have both the tools and capacity for effective monitoring of this burgeoning portfolio and the essential in-depth consideration of all related progress reports to assess both compliance and results. Regarding results, the Secretariat has proposed an **integrated results management framework** including elaborated toolkits, guidance and capacity-building for stakeholders, and implementation of this framework will be a high 2021 priority for the Secretariat upon its approval by the Board. In addition, during 2021, the Secretariat will continue to **evolve its approaches for portfolio risk monitoring**. While related efforts will be supported by new intelligent automation through the Portfolio Performance Management System (PPMS) and a risk-flagging system, the staffing of these critical functions will have to expand to effectively meet the growing portfolio and GCF's related fiduciary responsibilities.

19. Beyond monitoring, the Secretariat also plays a more direct role in facilitating speedy implementation through its review of requests for project changes. In that regard, the Secretariat expects that as a consequence of the impacts of COVID-19 it will have to consider and address (or facilitate addressing) **a growing number of requests for minor and major changes**. Given the nexus of this work to GCF goals on disbursement and results, the Secretariat needs the human capacity and latitude to promptly evaluate and facilitate appropriate action.

20. The management of the GCF portfolio must also enable the GCF to learn from experience and continuously improve the operations of the institution. To that end, the Secretariat will prioritize in 2021 the **harvesting, codification and dissemination of lessons and best practices** from implementation of its portfolio. Key opportunities in 2021 relate to enabling the GCF to extract emerging best practices, learning and knowledge from readiness and funded activities, and feeding these lessons back to GCF practitioners to enable more focused and informed programming. This will be done through, among other things, development of a Readiness Knowledge Bank, knowledge products from annual progress reports (APRs), project evaluations and support to NDAs and AEs/DAEs to develop country-driven, high-quality concept notes and funding proposals. Targeted Secretariat and IEU reviews and internal audits will also facilitate adaptive management towards more efficient operations of the institution. However, as reflected in the proposed budget for 2021, delivering this fundamental, value-adding component of our work depends on resourcing and strengthening what has historically been an underdeveloped function.

21. **Priority 4 is "Supporting the Board and helping to advance consolidation of the GCF policy and governance framework"**. This priority area encompasses several key initiatives designed to support the Board in executing its four-year Board workplan and implement COP guidance. The Board's policy agenda is extraordinarily rich. The Secretariat stands ready to support the Co-Chairs and the Board to identify the policies that have the greatest operational impact to unlock access, innovation and to improve the effectiveness and efficiency of the GCF. During 2021, the Secretariat will work to **enhance the quality and accessibility of policy documents** it prepares for submission to the Board. Specifically, during 2021, the Secretariat will begin implementing a more team-oriented policy development process in line with an internal policy manual being developed in 2020. Beyond facilitating more rigorous analysis, related efforts will enable the Board to take policy decisions in a more fully informed manner by simplifying the presentation of policy concepts, and more clearly elaborating policy impacts, costs (and/or benefits), implementation planning goals and resourcing requirements for policy implementation.

22. The Secretariat will also consolidate arrangements for internal **monitoring of policy implementation**, allowing it to provide the Board with regular updates on policy

implementation, and enabling it to flag problems for either internal adaptive management changes or, if needed, the development of proposals for policy amendments. This process, together with enhanced Secretariat consultation/coordination with the IEU on their workplan (as called for in the IEU terms of reference) will better support the Board in the management of its robust policy agenda. Regarding the GCF policy agenda, it is important to recognize that COVID-19 has had a substantial impact on the ability of the GCF to meet the policy review and development ambition that was embodied in the 2020–2023 workplan and the Secretariat stands ready to work with the Board, as directed, to help prioritize those policies that are most operationally critical to enabling the GCF to meet its GCF-1 ambition.

23. **Priority 5 is titled “Facilitating access and accelerating implementation by improving process efficiency, effectiveness, transparency and speed of delivery”.** During 2021 the Secretariat will implement and build upon the substantial business process redesign and automation work that it is carrying out in 2020 to maximize internal efficiency gains and improve consistency and transparency. Specifically, the Secretariat will bring greater standardization and efficiency to GCF processes **through operationalization of new manuals covering programming, operations, procurement, finance and policies**, including automation of business processes. In that regard, the Secretariat will aim to be implementing all of its processes in line with its new operations manual for the twenty-ninth Board meeting cycle onwards. Consistency of project reviews will also be improved through development of a project assessment/appraisal manual and further advancement of project appraisal tools. In addition, predictability will be enhanced and process times will be improved through the **implementation of service standards** across all key client-facing processes. With Board support for related changes in TAP processes, the Secretariat would also move during 2021 to regularize **rolling project reviews and increase its work under the SAP**.

24. Underpinning these efforts will be an ongoing **digital transformation of the GCF’s operations** with substantial investment in automation of core business processes, digital workspaces and digital collaboration/engagement. Critical to the ongoing success of these measures will be continuous performance monitoring, which will help the Secretariat to understand the efficiency and effectiveness impact of its efforts and the potential to realize additional efficiency gains. Finally, these efforts will help the Secretariat to determine whether its capacity remains adequate to execute the Board’s strategic vision for GCF-1.

25. **Priority 6 is titled “Fostering a high-performance collaborative culture and consolidating institutional capacities and oversight”.** Given the challenges of the last six months, the discussion of institutional capacity will prioritize a **clear commitment of the GCF to the safety of the Secretariat’s personnel in the face of COVID-19 and other threats**. To address this issue, during 2021 the Secretariat will begin implementing a new and expanded safety, security and business continuity plan, including a plan for emergency response. Thanks to the Government of Korea, the Secretariat now has access to a second office annex which enables us to reduce the risks related to COVID-19 transmission and provides a back-up office facility for essential functions. The Secretariat will also strengthen its internal safety and security capacity through the hiring of an officer focusing on safety, security and business continuity. To track the Secretariat’s work in this area, a key performance indicator has been added to the 2021 results framework.

26. On a related matter, the pandemic has demonstrated the unpredictable nature of GCF work and highlighted the risk of having staff stranded in countries due to unexpected national lockdowns or the closure of airports. The Secretariat believes that this experience reinforces the conclusion on **privileges and immunities** reflected in the 2020 work programme that “continuing to operate the GCF without the essential privileges and immunities specifically called for in paragraph 8 of the Governing Instrument presents an ongoing risk to Board

members, GCF investments and the Secretariat's personnel." The Secretariat hopes to support the Board in 2021 towards fulfilling that Governing Instrument mandate.

27. During 2021 the Secretariat will undertake several initiatives designed to consolidate and develop its growing institutional capacities and strengthen workplace culture. Institutionalizing its core values to **ensure a respectful and supportive workplace culture** is a key priority for the Secretariat, by improving internal grievance mechanisms and strengthening the work culture. The Secretariat will strengthen its internal grievance mechanisms by building upon the work of the **ethics, ombudsperson and staff appeals** functions and advancing its commitment to the prevention of discrimination and harassment, including through mandatory training. This will include expanding advisory services to personnel to support accountability, dispute resolution, mediation and staff appeals, and ensuring that digestible information on the organization's grievance architecture is available and accessible to all staff. It will ensure that no staff concern will remain unaddressed.

28. In 2021 the Secretariat will build upon existing work to **strengthen its culture and emphasize its commitment to climate action, innovation, respect, responsiveness and trust**. This will include taking action to implement the Senior Management Team's statement of values and to review this through 360-degree feedback for managers. The Secretariat management knows that this can only be achieved if managers model, promote and instil core values including commitment to climate action, trust, responsiveness, innovation and respect. More 'safe spaces' will be created for staff to express any concerns about management or the working environment, and further activities. Through these and other initiatives, the Secretariat's ambition will be to ensure that no staff concern remains unaddressed and that the independent investigation unit can focus its efforts on alleged staff misconducts.

29. During 2021, the Secretariat will also operationalize its **new 'People Plan'**, which is designed to streamline and improve the process for acquiring and developing the diverse talent and skillset that it needs, and to foster an enabling, collaborative, high-performing environment where people are empowered and accountable, and where they can thrive. The plan has its basis in GCF's joint commitment and common sense of purpose to protect the global climate. In 2021 the Secretariat will not only lean into these values, it will introduce them to the new and critical cohort of staff that will be joining the GCF.

30. Another key thrust of work under Priority 6 will build on the effort made in 2020 to ensure the **vertical alignment of staff responsibilities with work programme and Strategic Plan goals**. This effort has created a shared understanding of everyone's role in key Secretariat processes, enhanced the links between institutional goals and individual performance, and is expected to support greater transparency and coherence in performance management, with a view to fostering an empowered, results-oriented and value-driven work culture. In 2021 monitoring of related work will be supported by a new performance management framework. To support higher performance in the implementation of this vertical alignment, the Secretariat will build staff capacity through, among other things, **a comprehensive onboarding programme and the development of knowledge products** designed to turn tacit knowledge into easily accessible strategies for continuous improvement.

31. To better equip GCF to meet the needs of developing countries, the Secretariat will continue to move on a host of fronts related to **resource mobilization**, including converting pledges into commitments and advancing the initial Strategic Plan's ambition that the GCF "leverage additional financial inputs from innovative and alternative sources." This work will be unpinned by advancing outreach and communications to strengthen the GCF's global brand and positioning, and build stakeholder understanding of the GCF's processes and results.

32. Finally, GCF work must be supported by strong and effective **risk management and oversight**. The Secretariat will further develop its enterprise risk and opportunity management



approach, designed to allow the organization to focus on the future and manage the effect of uncertainties on delivery of goals. This integrated approach to risk management will aim to enable foresight and risk-informed decision-making across all levels of the organization, thereby maximizing successes while minimizing the impact of unsuccessful activities.

Highlights of proposed 2021 administrative budget

33. An overview of the proposed 2021 Board, Secretariat and Trustee budget is provided in table 3 below. The proposed budget represents a total increase of USD 5.04 million, or 6.4 per cent over the approved 2020 budget. In addition to the increased USD 3.42 million budget for the Secretariat (4.8 per cent increase), the overall GCF budget increase comprises increases of USD 0.74 million for Board expenditures (18.5 per cent increase) and USD 0.875 million for additional Trustee costs (30.4 per cent increase).

Table 3: Proposed administrative budget for the period 2021 (in United States dollars)

		2020 approved budget	Proposed 2021 budget	Change in 2021 draft budget over approved 2020	% change
1	Board	4,012,520 ^a	4,756,436	743,916	18.5%
2	Secretariat	71,594,751 ^b	75,018,024	3,423,273	4.8%
3	Trustee	2,881,000	3,756,000	875,000	30.4%
	Grand total	78,488,271	83,530,460	5,042,189	6.4%

^a USD 3,673,720 approved via decision B.24/05 and USD 338, 800 approved by the Board by decision B.25/09 thus bringing the total administrative budget for the board for 2020 to USD 4,012,520.

^b Via decision B.25/02, the Board approved a contingency budget in amount equal to 2 per cent of the Secretariat budget (USD 1,403,819) thus bring the total administrative budget of the Secretariat to USD 71,594,751.

34. An overview of the proposed 2021 Secretariat budget is provided in the table 4 below. The Secretariat's 2021 budget request responds to the **significant growth that has taken place in key work areas since 2017, notably in terms of project implementation and formulation**, as the Secretariat must effectively monitor the growing GCF portfolio of projects/programmes and readiness activities under implementation; review an increasing number of concept notes and projects, including smaller DAE, SAP and adaptation projects; support accreditation and work with an increasing number of AEs, as well as re-accreditation efforts; provide more hands-on programming and structuring support to improve pipeline quality, build a diversified portfolio and promote access, particularly for DAEs; efficiently respond to increasing AE and NDA requests for changes to projects; and implement and monitor the GCF's evolving, complex policy suite. In addition, COVID-19 is increasing the workload, particularly in terms of the Secretariat's portfolio implementation function, and has created significant uncertainty. The evolution of the pandemic will create additional risks related to the Secretariat including potential interruptions in staff coverage for key functions, as well as unexpected short-term spikes in COVID-19 related demands.

35. Within this context of both increasing workload and uncertainty, in order for the Secretariat to deliver on its key performance indicators and invest in solutions to address emerging bottlenecks before they become significant impediments to progress, additional resources and flexibility are required. Staffing up to the 250-level set by the Board in 2018 is

urgently required in 2021. While the Secretariat has and will continue to work aggressively to achieve greater efficiencies in its work, during the first half of 2020 it had on board an average of only 205 staff, a level that is almost 20 per cent below the level that the Board had approved for 2018. This **staffing level is insufficient to respond to the demands required for the Secretariat to meet either its 2021 work programme goals or the ambition of the GCF 1 replenishment**. To address this situation, the Secretariat is streamlining and accelerating its recruitment processes with a goal of ramping up staffing levels to the full complement of 250 staff by the end of 2021 (reaching 220 by the end of 2020). The expected outcome of these improvements is to reduce the average time to fill from the current average of 196 days to 137 days (30 per cent) during the first iteration and to achieve further gains with improvements in the current recruitment information system. This goal, however, will be challenging and will depend on the evolution of COVID-19, as many candidates have indicated a reluctance to move away from their families to take foreign positions during the pandemic. Hence the ramp up in recruitment may take place in a phased manner with a slower start in 2021. This implies an average 2021 staffing level of only 235 staff.

36. Accordingly, and in order for the Secretariat to both maintain GCF's momentum during the pandemic and enable it to meet its 2021 work programme goals, the 2021 budget proposes essential adjustments to the budget lines for both consultants and professional services as a bridge towards a fully staffed Secretariat. While these adjustments are needed to provide near-term flexibility in personnel arrangements, the Secretariat does not consider related increases, particularly to the consultancy budget, to present long-term solutions, and we expect the demand for consultant resources in particular to decrease as our staffing needs are more fully met. The Secretariat will, in parallel, be critically examining its internal processes to allow fuller execution of the professional services budget moving forward, with this holding potential for more long-term efficient solutions to address known areas of ongoing capacity need. These solutions are designed to allow the Secretariat to invest with equal energy in efforts to deliver immediate work programme goals, alongside efforts to secure robust institutional capacities and systems over the longer-term.

37. The budget also includes a contingency line which the Secretariat believes is critical to enabling it to effectively respond to both the mounting COVID-19 related demands for adaptive actions, and the unknown risks created by the wide range of uncertainty in the evolving development of the pandemic. The COVID-19 pandemic is posing an **increased risk to the Secretariat's staff and operations of the institution**. It has highlighted the risk of having GCF staff stranded in countries due to unexpected national lock downs and/or the closure of international transportation hubs, and of unexpected staff absences due to sickness, hospitalization or quarantine, leaving critical functions vulnerable. The Secretariat believes that this experience reinforces the need for budgetary allowance for more flexible deployment of GCF personnel. At the same time, experiences from COVID-19 and future possible risks suggest the importance of decentralizing some activities to other operational hubs in order to further reduce such risks in the future and improve the resilience of the organization.

38. Similarly, COVID-19 also means a reduction in travel. Accordingly, the proposed 2021 budget includes a 32 per cent reduction in travel expenses based on the assumption that COVID-19 will continue to limit Secretariat travel. These and other provisions of the Secretariat budget are reviewed in greater detail under section III of this document.

39. Given the status of the updated Strategic Plan (USP), the Secretariat work programme and budget is based on the guidance provided by the Board in its decisions and in its initial Strategic Plan. The Secretariat will reassess the 2021 priorities, its budget and its capacity following the Board's adoption of the USP and will advise the Board on areas that may require additional attention or that may have resourcing implications. In this regard, the setting of strategic directions for the GCF is itself a critical enabler for the Secretariat in managing



resourcing and potential trade-offs, as highlighted above, because it helps from an operational standpoint in identifying critical priorities and mitigates the risk of a loss of focus under which resources are spread too thinly across a multiplicity of priorities.

Table 4: Overview of the proposed Secretariat budget for the period 2021 (in United States dollars)

Code	Budget category/ sub-category	2020 budget (approved at B.24)	Proposed 2021 budget	Increase/ (decrease)	% change
2.1.1	Full-time staff	47,297,107	48,716,495	1,419,388	3.0%
2.1.2	Consultancies	2,882,165	3,259,006	376,841	13.1%
2.2.1	Travel	3,024,338	2,064,794	(959,544)	-31.7%
2.3.1	Office utility costs	288,000	288,000	0	0.0%
2.3.2	Contractual services	7,427,950	9,544,125	2,116,175	28.5%
2.3.3	Other operating costs	1,172,050	1,026,030	(146,020)	-12.5%
2.3.4	Communication and printing	1,575,000	1,301,200	(273,800)	-17.4%
2.3.5	Information and communication technology	5,579,055	6,169,829	590,774	10.6%
2.3.6	Depreciation	945,267	1,148,000	202,733	21.4%
	Total	70,190,932	73,517,479	3,326,547	4.7%
2.4	Contingency	1,403,819	1,500,545	96,726	6.9%
	Grand total	71,594,751*	75,018,024	3,423,273	4.8%

* Via decision B.25/02, the Board approved a contingency budget in amount equal to 2 per cent of the Secretariat budget (USD 1,403,819) thus bring the total administrative budget of the Secretariat to USD 71,594,751.



Annex I: Draft decision of the Board

The Board, having considered document GCF/B.27/04 titled “2021 work programme of the Secretariat and annual administrative budget of the GCF Secretariat, Board and Trustee”:

- (a) Recognizes that the work programme will help to guide the activities of the Secretariat during 2021;
- (b) Approves the 2021 work programme and the goals and suggested priorities set out therein, in accordance with paragraph 23(e) of the Governing Instrument for the GCF;
- (c) Approves an administrative budget for the Green Climate Fund Secretariat found in table 6 of section 3.4 of document GCF/B.27/04 for the period 1 January 2021 to 31 December 2021 in the amount of USD 75,018,024, which includes 26,500,295 in new funding, as well as the USD 48,517,729 for 2021 staff salaries and emoluments that was approved by the Board in decision B.21/09;
- (d) Recognizes that the new funding of USD 26,500,295 includes a contingency budget of USD 1,500,545;
- (e) Requests the Executive Director to consult with the Budget Committee on the allocation of the contingency budget;
- (f) Approves USD 55,889,131 for projected staff salaries and emoluments for 2023;
- (g) Approves a budget for the Board in the amount of USD 4,756,436 as found in table 5 of section 3.3 of document GCF/B.27/04; and
- (h) Approves a budget for the Trustee in the amount of USD 3,756,000 as included in table 19 of section 3.6.14 of document GCF/B.27/04.

Annex II: Work programme of the Secretariat for 2021 and administrative budget

I. Introduction

1. The Governing Instrument states that “the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways” and “make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community.” The climate change goal set in the 2015 Paris Agreement is: “holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C.” The agreement also establishes a “global goal on adaptation of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change.” These key provisions of the Governing Instrument for the GCF, the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement help guide the work of the GCF and its Secretariat.

2. To support these efforts, paragraph 23(e) of the Governing Instrument directs the Secretariat “to develop the work programme and annual administrative budget of the Secretariat and Trustee and submit them for approval by the Board.” This document is submitted in fulfilment of that requirement. It includes, in part IV, an administrative budget covering the Board, the Secretariat, and the Trustee and, in annex V, a results framework to support the Secretariat and the Board in assessing the Secretariat’s progress on key work programme targets.

3. The 2021 work programme is set in the context of the incredible changes that have taken place since the 2020 work programme was prepared and submitted to the Board in early October of 2020. Since that time, 31 countries have confirmed USD 9.9 billion in pledges to the GCF’s first replenishment (GCF-1). This welcome replenishment increased GCF’s annual programming ambition by some 70 per cent, presenting immense opportunities for the . In parallel, the GCF’s portfolio under implementation has grown by 250 per cent since the start of 2019, accelerating the deployment of resources on the ground and representing a substantial maturing of the GCF’s operations. In addition, at the time that the 2020 work programme was adopted by the Board, the world had not heard of the novel coronavirus, COVID-19, much less begun to grapple with its pervasive global impacts and impacts it has had on the GCF. These enormous changes compared with the situation last October have set the stage for the work of the GCF in 2021, a year that at its end, will bring the GCF to the midpoint of GCF-1. In that regard, the Secretariat understands the strong need for the GCF to demonstrate real progress in supporting developing countries’ climate ambitions. It is also mindful of the opportunity to support developing country climate action in a manner that would complement their COVID-19 recovery efforts, thereby enabling a climate-resilient recovery.

4. In this context, the Secretariat is well positioned to build on the forward-looking initiatives that were highlighted in its 2020 work programme. In particular, the 2020 work programme’s focus on the use of dynamic adaptive management techniques positioned the Secretariat to respond quickly to the pandemic-induced need to provide many GCF projects and readiness activities with flexibility in adjusting disbursement schedules, project timelines and the use of contingency funds. The Secretariat foresees that significant work in these areas could continue into 2021. In addition, the Secretariat’s 2020 focus on the further operationalization of a digital workplace enabled the Secretariat to adapt to the unique challenges posed by COVID-19 on critical GCF operations, including facilitating the cohesive management of staff deployed in over 50 countries. These examples demonstrate strong Secretariat planning and resilience, two traits that should hold the GCF in good stead as it navigates the uncertain year ahead.

5. In addition to working to meet key corporate goals, the Secretariat has been able to advance a series of 2020 initiatives that will support GCF efforts to meet the ambitions of the 2020–2023 replenishment cycle. In particular, in the last 10 months the Secretariat has made considerable progress in the development and deployment of a series of manuals and related standard operating procedures and service standards that will help to increase the quality, predictability, efficiency and effectiveness of a wide range of Secretariat processes and products. Further, during 2020, the Secretariat worked collaboratively through a series of culture circles to develop a set of core values that will help guide our work into the future.

6. The Secretariat's 2021 work programme and budget builds on these and other 2020 initiatives and charts a path designed to consolidate institutional capacity towards the delivery of GCF's enhanced programming goals for 2020–2023, as well as help respond to the urgent impacts of COVID-19 through supporting developing countries in the pursuit of low-emission climate-resilient recovery responses, consistent with its core mandate.

7. As in the past, the 2021 work programme does not attempt to describe the thousands of activities that the Secretariat engages in on a day-to-day basis to enable the GCF to develop and oversee its multi-billion-dollar portfolio. Instead the work programme will highlight GCF initiatives under the following six key 2021 priorities:

- (i) Origination of country-driven, paradigm-shifting investments;
- (ii) Project development and appraisal to build an impactful GCF portfolio;
- (iii) Management of portfolio implementation for results and knowledge;
- (iv) Supporting the Board and helping to advance consolidation of the GCF's policy and governance framework;
- (v) Facilitating access and accelerating implementation by improving process efficiency, effectiveness, transparency and speed of delivery; and
- (vi) Fostering a high-performance collaborative culture and consolidating institutional capacities and oversight.

8. The accompanying results framework for 2021, set out in annex V, has been streamlined to focus on key outputs under these priorities as well as the more qualitative outcomes expected.

9. While the work programme generally presents related initiatives in an integrated manner, as in past submissions the 2021 administrative budget is broken down into indicative budgets for each of the Secretariat's major units. Those unit-specific budgets include ranges or figures for such categories as headcounts, travel, consultants and professional services; related indicative figures are provided for informational purposes only and are likely to shift during the year. The unit-specific sections also round out the work programme by moving beyond the work programme initiatives and describing both the broad work of each of the units and their priority 2021 deliverables. Finally, annex III presents the Secretariat's effort to advance the request of the Budget Committee to consider output-based budgeting. To that end, it strives to link the Secretariat's administrative budget with the key Secretariat priorities that are included in the 2021 work programme.

II. Highlights of the Secretariat priority initiatives in 2021

2.1 Origination of country-driven paradigm-shifting investments

10. The GCF's overall country-driven approach depends on developing countries having the capacity and support to turn the climate ambition of their nationally determined contributions (NDCs), national adaptation plans (NAPs) and other national strategies into climate supportive enabling frameworks and impactful, GCF-aligned proposals. A key component of this effort will continue to be the **development of country programmes and entity work programmes** (EWPs). As stressed in the Board's Initial Strategic Plan, country programmes should enable countries to prioritize their needs, and also enable the GCF to effectively plan and programme its resources. To support those twin goals, and consistent with Board guidance on the Readiness and Preparatory Support Programme (Readiness Programme), country programmes are intended to include a prioritized list of GCF-facing project/programme ideas designed to advance implementation of national objectives in a manner consistent with the GCF's investment criteria and transformational goals.

11. The Secretariat expects that historical Readiness Programme support for strategic frameworks will lead to the 2021 submission of 30 country programmes. While this is a record number of submissions, signalling improved country coverage, their value also lies in their content rather than their number. With that understanding, the Secretariat will be shifting both its country programme work and its country programme performance indicator to focus on the submission of **country-prioritized, GCF-aligned list of projects** that can be used to help the GCF plan and programme its future work. To support that outcome, the Secretariat will be enhancing its work with countries to help identify the priority project ideas that have the greatest alignment with GCF goals and highlighted funding opportunities, including those related to a climate-resilient recovery and agreed sector strategies. While this focus helps set the goal further down the value chain, the fact is that even a prioritized list of project ideas is merely a list, and the real goal is to have innovative projects and programmes that are meeting developing country goals and delivering real climate impact.

12. Accordingly, the investment plans set out in country programmes will serve as the initial step in a chain of support to **foster programming partnerships to turn GCF-aligned concepts into bankable GCF projects and programmes**. The support facilitated by the Secretariat will include virtual programming meetings designed to match country climate priorities with the strengths of accredited entities (AEs) and direct access entities (DAEs) and evidence-based GCF programming guidance, as well as efforts to better coordinate and align country priorities with entity workplans. The process of developing high-quality, high-impact project proposals that meet GCF investment criteria is often difficult. Accordingly, the Secretariat will stand ready to deploy readiness support and project preparation assistance through more flexible and 'on-demand' technical assistance, alongside traditional Readiness Programme and Project Preparation Facility (PPF) funding approvals, to help particularly DAEs in that process. Finally, for those priorities that may not meet GCF investment criteria, the Secretariat will help countries consider investment strategies which may include collaboration with other funds through the implementation of the operational framework on complementarity and coherence. On this front, the GCF will continue to foster collaboration with other climate funds, including the Global Environment Facility and Adaptation Fund, on coordinated programming and support for developing countries.

13. The above-noted process, and indeed the GCF business model depend on the GCF having **AEs with the skills and experience to be able to work with countries to develop their GCF-aligned priorities** into paradigm-shifting investments. That said, matching developing country project needs with AE skills is not always easy. The fact is that while all AEs, by definition, meet

the GCF's fiduciary standards and environmental and social safeguards (ESS), only a limited number of AEs have deep experience with implementing climate projects, not to mention climate projects in the full range of results areas covered in the GCF. This issue is even more acute with regards to DAEs, many of which lack strong experience in managing and/or reporting on the myriad of tasks involved with developing and implementing multi-million-dollar projects of any kind. As the number of AEs grows and the GCF matures, the need to step back and consider the accreditation portfolio becomes more acute. For example, to date, out of the 99 entities approved for accreditation to the GCF, only 40 or 40 per cent have programmed projects with the GCF. Looking ahead, a simple comparison of the number of expected GCF projects in 2021 (50) to the number of AEs with effective accreditation master agreements (AMAs) (70) suggests that if projects were to be programmed equally, each currently approved AE would average less than one project a year, and it would become closer to one every two years after AMAs are finalized for all Board-approved entities.

14. Currently, the Secretariat is starting to implement re-accreditation alongside accreditation. The needs for AE monitoring, EWP engagement and capacity support associated with an expanding AE portfolio are placing a growing demand on resources. Increased efforts will be made to finalize AMAs of those AEs/DAEs that have already been approved by the Board, and to strengthen their capacity so that an increasing percentage of AEs are delivering high-quality concept notes and funding proposals. Looking forward, and following on the findings of the recent Independent Evaluation Unit (IEU) report, an accreditation strategy (first requested by the Board at its tenth meeting (B.10) in July 2015) could clarify how accreditation fits into the overall GCF vision and examine the capabilities of the existing AE network against both the mandate and strategy of the GCF and the evolving climate investment and support needs of developing countries. An accreditation strategy could also provide firmer support to inform prioritization in the accreditation and reaccreditation of AEs. The Secretariat stands ready to undertake this work in 2021 if so directed by the Board. It will also support analysis of existing AE performance as part of the reaccreditation process. In parallel, an updated accreditation framework including a project-specific accreditation approach (PSAA) would help streamline accreditation and create expanded fit-for-purpose channels to access the GCF; this would be an implementation priority for the Secretariat if approved by the Board.

15. Nowhere is the need for AE support more essential than for DAEs, and consistent with Board and guidance of the Conference of the Parties (COP), a particular area of focus for the Secretariat in 2021 will be **expanding use of the GCF direct access modality**. In particular, the Secretariat intends to recruit and deploy a senior staff member dedicated to coordinating a multi-pronged DAE strategy that will span both pre-accreditation and post-accreditation stages. This strategy will have the twin goals of bringing more DAEs online and enabling DAE work to account for a greater share of projects and GCF funding. In that regard, it is important for the Board to understand the significant pre-accreditation and post-accreditation efforts that will be required to meet these objectives.

16. In the pre-accreditation stage, the Secretariat will enhance its work with national designated authorities (NDAs) to identify and support the application of DAE candidates best positioned to fill their national programming needs. It will also support efforts to foster partnerships, for example with and between national and regional development banks, to draw lessons from those who have successfully navigated GCF accreditation and programming processes and increase the accreditation of more DAEs that are well positioned to support nationally defined climate programming goals. Beyond getting more DAEs accredited, the Secretariat will work in the accreditation and re-accreditation processes to place greater emphasis on international access entity (IAE) commitments to work with and support DAEs. Related teaming can provide invaluable experience that can be leveraged in future solo projects and programmes. There is also much work to be done following Board approval of DAEs. Specifically, the Secretariat will increase its support to DAEs that are working to clear

conditions necessary to enable final accreditation. It will also enhance its efforts to support DAEs in the completion of AMA negotiations, and thereby operationalize their ability to have their proposals approved. It is important to note that all of this support is essential to putting DAEs in a position to just start developing projects for submission to the GCF. As the IEU noted in their recent review of the accreditation process, the Secretariat needs additional resources to carry out these and other key tasks.

17. Beyond getting DAEs to the starting line, experience has shown that **many DAEs need significant support in the preparation of strong concept notes and project/programme proposals**. To assist in these areas, the Secretariat will initiate a new ability to deploy targeted readiness support on demand for concept development. Separately, it will also initiate new modalities for more flexible deployment of project preparation technical assistance on demand to enable the preparation of strong funding proposals and help DAEs respond to reviews by the Secretariat and the independent Technical Advisory Panel (TAP). This will supplement the funding for readiness and PPF available through the traditional approval modality. Finally, support to DAEs will include training that looks beyond project approval and ensures that DAEs have the capacity to implement all GCF reporting requirements consistent with agreed or amended project parameters. Beyond the support that the Secretariat can extend to DAEs, Board approval of a PSAA and further simplification of the Simplified Approval Procedure (SAP) would also represent key measures to increase access through DAEs.

18. Clearly the support outlined above is ambitious. That being said, its benefits extend beyond just meeting the important goal of expanding GCF access. Looking more broadly, it is clear that the paradigm shift envisioned in the Paris Agreement and the Governing Instrument for the GCF can never be achieved through GCF or IAE support alone. It will require strong national capacity – strong DAEs. As a consequence, related support will not only help GCF meet the twin goals of increasing DAE numbers and funding, it will support capacity that will be essential if developing countries are to meet both their own climate goals and those of the Paris Agreement.

19. The case is very clear for the importance of strengthening DAE capacity and it is equally important to support **developing country efforts to put in place policies designed to address climate change and its effects**. Again, neither GCF nor IAE projects alone can be expected to enable countries to meet all of their climate ambition. Indeed, without supporting policies, the benefits of some climate projects could be quickly offset by other investment decisions. Hence, over time, many countries may want to consider effective policies to guide decision-making on actions that can have climate impacts. Policies may also be necessary to support the strengthening of national environments that are conducive to both domestic and international climate-centred investment. Accordingly, the Readiness Programme will, at the request of countries, work during 2021 to support country efforts to develop climate-related policies that fit their specific needs. A related 2021 initiative is on the private sector. In that regard, significant outreach to NDAs and focal points has demonstrated a strong desire for support to enable countries to better understand both the needs of and opportunities for their private sector in relation to climate change, and the Readiness Programme will provide support to this end.

20. Many of the initiatives described above will be supported through the Readiness Programme. In order to make related funding more efficient, the programme will accelerate a shift in 2021 from more single activity focused grants **to more integrated multi-year readiness support programmes**. Such programmes will be tailored to meet country-specific needs, and may, for NDAs, include support for a spectrum of activities ranging from building strong GCF-facing pipelines, to engaging with the private sector, to the development of policies designed to enable climate-centred planning. The length and breadth of these multi-year grants will provide related countries with the multiplicity and continuity of support to better enable

their long-term planning and execution of their priority climate work. Over the course of the year, the Secretariat will also update the Readiness Programme strategy for 2022–2023 and develop a PPF strategy to help optimize the deployment of these tools to support developing country needs.

21. Another key initiative that will span both readiness support and programming efforts relates **to support for a climate-resilient recovery**. COVID-19 is bringing countries to a tipping point or a turning point. Over the next year, all countries that can do so will be considering ways to stimulate their economies, and will have a choice of investment options. The world must ensure that economic recovery is green and that developing countries can access climate finance. The GCF was created to support the paradigm shift to low-emission climate-resilient development pathways. Therefore, it is not only consistent with its mission to support national efforts to implement a low-emission climate-resilient recovery, it is its mission, and the opportunity to work in synergy with countries in this effort is enormous. To that end, in 2021 the Secretariat will be facilitating rapid deployment of readiness support to help countries craft climate-resilient economic stimulus measures to advance climate goals, and at the same time revive their economies. GCF will support countries that request assistance to explore innovative financing structures to support national efforts to make low-emission climate-resilient investments without increasing their debt burdens. Readiness support may also be used to develop concepts for high-impact climate projects that also capture significant climate-resilient recovery co-benefits in line with the GCF investment criteria. Flexibility will also be afforded in the implementation of existing readiness grants to take account of COVID-19 impacts and aid climate-resilient recovery response. Finally, it is worth noting that the GCF's portfolio under implementation has grown by 250 per cent since the start of 2019, and there is a critical need for both origination and development efforts to take into account the lessons learned from implementation. The workload demands to meet this need are significant, and funding for this growing, value adding workstream is essential if the GCF is to fully live up to the mandate of the Governing Instrument for the GCF to be a learning institution.

2.2 Project development and appraisal to build an impactful GCF portfolio

22. While Priority 1 speaks to the Secretariat's support for origination to develop country-driven, GCF-aligned project concepts, Priority 2 speaks to the efforts to translate these into bankable, impactful GCF projects and programmes for Board approval. Priority 2 sets out the outcomes that the Secretariat expects to achieve in 2021 to deliver annual programming with a view towards full execution of GCF-1 resources, and the development and implementation of a balanced and impactful portfolio in line with the Board's decisions. Using concept note programming, and increasingly drawing from coordinated country programme investment plans, coordinated EWPs and proposals submitted in response to requests for proposals (RFPs), the 2021 work programme targets a **goal of USD 1.78 billion to USD 2.26 billion in programming** for 2021 and for each year of GCF-1. This represents movement towards a "steady state" of annual funding proposal programming, consistent with the GCF fully executing its USD 9.9 billion first replenishment, once other GCF operating costs are accounted for.

23. Of particular note, the 2021 work programme supports the DAE initiatives noted above through the creation of specific goals on **DAE programming. The 2021 DAE goal of at least 12 DAE projects for approximately USD 250 million to USD 340 million** reflects both a baseline and an aspiration to steadily build the level of DAE programming as directed by Board established goals. The goal benchmarks against the share of DAE projects (by both number and volume) from the initial resource mobilization (IRM), with the expectation these could increase



in 2022 and 2023 as concerted efforts to support DAE capacity-building, as described above, result in a DAE project pipeline of maturing size and quality.

24. If approved by the Board, a key initiative under Priority 2 that would support DAE goals would involve **scaling up the use of the SAP**. This crucial modality has enabled more DAE projects, enhanced access for least developed countries (LDCs) and African States and the approval of more adaptation projects. The Secretariat sees particular promise in the potential of an updated SAP to enable first-time programming for new DAEs. The 2021 work programme accordingly includes funding to enable the Secretariat to process more SAP reviews on a rolling basis. In addition, during 2021, the Secretariat will work to operationalize a term sheet generator for SAP that would enhance the efficiency of the programme's efficiency. That said, and as noted in the Secretariat's SAP proposal, a more substantial acceleration of the SAP process and a further increase in its utilization will be largely dependent on Board agreement to further simplify the final approval of SAP proposals, and to provide the Secretariat and TAP with the resources and structural changes necessary to support the processing of a substantially increased number of SAP proposals. To reflect these dependencies, the Secretariat is projecting a range of results for 2021 on the SAP, based on a low scenario of 6 approvals under a business as usual case, compared to a high 2021 scenario of 11 approvals (including 5 DAE SAPs) under a reform scenario. If approved, the Secretariat would expect to see an initial increase in SAP approvals by the last meeting of 2021, with further increased access to be realized in 2022 and later. If no further changes to SAP are approved, the SAP utilization would level off at current levels into the future.

25. To improve speed of delivery, the Secretariat will also move to **regularize rolling project reviews** and pursue enhanced collaboration with TAP aimed at strengthening consistency between Secretariat and TAP reviews and feedback. As noted in the report adopted at B.25 on 'Revision of the structure and operations of the independent Technical Advisory Panel' (GCF/B.25/10), there are a number of structural challenges within TAP, where a small group of experts review an increasing number of projects on a consensus basis, in the absence of an enabling remuneration structure. Varying assessment methodologies and metrics have also created uncertainty and inconsistencies in the review process. The report makes three overall recommendations: (i) increasing the size of TAP; (ii) updating TAP's operational modalities to accommodate the increased workload, including reviewing funding proposals on a rolling basis with a templates and guidance, shifting to a virtual process for the finalization of assessments (called for in the TAP's terms of reference) and prioritizing the involvement of members with relevant expertise, instead of the current mechanism of consensus-building among the all TAP members; and (iii) providing administrative support. The first recommendation is being implemented with Board approval of adding four new TAP members. Full realization of productivity gains from the Secretariat's move to regularize rolling reviews and enabling the GCF to meet its GCF-1 ambition would require implementation of the report's recommendations related to updating the operational modalities of TAP.

26. Regarding **RFP-related programming**, it is important for the GCF to reflect on the fact that many of its RFP efforts have been less successful than hoped for. One reason for this relates to the need for a related concept note finalist to either be accredited to implement its project or to work through an already accredited entity. While the Board has prioritized processing the accreditation applications of entities with RFP proposals, it is now clear that by the time a new entity with an RFP prioritized concept can get accredited, its concept will, in all likelihood, have become stale. Further, efforts by both the Secretariat and new concept note submitters to strike partnerships with already accredited entities have had little success due to the predisposition of AEs to advance their own project concepts rather than those developed by others. The Secretariat believes that approval of the proposed PSAA could help improve the viability of future RFPs. In addition, the Secretariat welcomes the IEU 2021 workplan proposal to evaluate the GCF's use of RFPs. Following the conclusion of that evaluation, the Secretariat will propose

options on the further use of the MSME, MFS and EDA RFPs. The Secretariat also expects to propose during 2021 the development of the **second phase of the REDD-plus RBP** that both builds on the successes and lessons of phase one and responds to UNFCCC guidance. Assuming that the second phase is approved by the twenty-ninth meeting of the Board (B.29), the Secretariat would expect at least three REDD-plus RBP proposals for B.30.

27. Building on directions set out in the initial Strategic Plan, the Secretariat's support for project development and appraisal will be qualitatively directed towards the GCF financing **innovative projects and programmes characterized by the highest levels of mitigation and adaptation ambition**. Balanced adaptation and mitigation impacts will be sought across the GCF's eight results areas and four climate transition areas, in particular promoting cross-cutting measures that deliver holistic and systemic impact. In that regard, the project pipeline for 2021 looks to present a balance of transformative programmes at scale in critical areas, and a managed growth of stand-alone medium-sized funding proposals aligned with a common thematic Theory of Change. There is also potential for expanded funding for smaller projects through the SAP, enabled by the actions described above. Efforts in 2021 will pay particular attention to projects that can also advance climate-resilient recovery consistent with the GCF's mandate and investment criteria. Finally, the 2021 pipeline includes multi-country, multi-agency, multi-instrument programmatic interventions that will facilitate and accelerate access to GCF resources by simultaneously approving mutually supporting initiatives and laying the foundations for subsequent and more predictable programming. These efforts can provide easier access to a broader range of countries (including LDCs, small island developing States and African countries) and make use of the full range of GCF partners, instruments and risk appetite, by uniting coalitions of actors behind country and regional programming priorities.

28. The Secretariat will continue to strive towards delivering a balanced portfolio in line with the Board's decisions, particularly between mitigation and adaptation. **Adaptation programming** will rely on projects from the existing pipeline, augmented by concepts and projects identified through the NAP process. The number of adaptation proposals would also be expected to increase with the approval of proposals through an updated SAP. Finally, this will also be supported by the ongoing work of the private sector facility on the development of models for private sector investment in this critical area. As regards the private sector, during 2021 the Secretariat will develop a private sector engagement strategy that will pinpoint opportunities for both the GCF and NDAs to build partnerships for advancing innovative and impactful programming as well as strategic investment partnerships. This will include advancing signature of private sector AMAs and advancing diversified work programming with a range of private sector-capable AEs. This work, which can also include the public sector and civil society, will help to leverage additional financial inputs from innovative and alternative sources and unlock finance at scale for developing countries. Efforts to spur private sector investment could also be supported by approval of a flexible PSAA and Programmatic Approach policy, both of which could make the GCF a better option for a larger group of private sector entities. The work on private sector engagement will incorporate lessons from the IEU's evaluation of the GCF's private sector activities and inform ongoing review of the Private Sector Facility (PSF) modalities by further unpacking opportunities and barriers for private sector engagement.

29. Developing the GCF's pipeline from the increasing number of concept notes and funding proposals submitted by the GCF's growing portfolio of AEs will require a combination of effective resourcing and programming guidance. The Board's decisions on portfolio balance and further strategic guidance are critical in this respect, as is the work done under Priority 1 to distil developing countries priorities for GCF funding and improve upstream project quality. This work will also be supported by **advancing the ongoing collaborative sectoral guidance effort**, which is analysing widespread country needs and evidence-based programming experiences, and identifying opportunities for high-impact, paradigm-shifting project types in

each sector to meet those needs. On this basis, the Secretariat will prepare related guidance and usable frameworks to enable interested countries to more easily work with AEs to adapt and advance these specific opportunities in a manner that best meets their national needs.

30. The totality of work is designed to help countries and AEs substantially improve upstream project quality and hence reduce the number of revisions required through the project review process, which will serve to both speed up access and increase efficiency and effectiveness. In parallel, the Secretariat will also in 2021 undertake renewed efforts to strengthen the **consistency and transparency of its robust internal project appraisal and due diligence** to assure project quality and climate impact. Related goals will be advanced through the deployment of new systems and tools aimed at more effectively managing and tracking critical reviews and appraisals, and assessing the fulfilment of and compliance with integrity policies, the risk framework and the ESS, Indigenous Peoples Policy and Gender Policy standards and requirements. The appraisal process will also benefit from the utilization of new manuals and templates aimed at standardizing related work. A further dimension to this work in 2021 will be strengthening exchange with the independent TAP to explore ways to improve consistency in review methods and ensure that key issues can be tackled earlier in the project development cycle.

31. Annual programming goals for public and private sector work, as well as for work under RFPs, have historically been based on a number of factors, including an assessment of the GCF commitment authority for the coming year, an understanding of resources available for the Readiness Programme and related workstreams, an evaluation of the Secretariat and AEs' ongoing work and project pipeline, and assumptions regarding both the approval of the Secretariat's budget requests and outstanding policy issues. **Table 1 below shows the evolution of annual programming by GCF since 2015.**

Table 1: Evolution of annual GCF programming volume

Year of approval	GCF resources (USD)	Number of funding proposals
2015	145,820,909	7
2016	1,123,028,635	25
2017	843,081,051	17
2018	1,947,035,196	41
2019	1,125,874,634	32
2020 up to B.26	1,049,520,646	21
Grand total	6,234,361,070	143

32. **Table 2 below includes indicative programming goals for 2021.** This year's assessment is made more complex due to the uncertain implications of the global pandemic, including its impact on AEs, the ability to obtain no-objection letters (NOLs) in a timely manner, and the ability to complete both project submissions and TAP reviews. In addition, the pandemic has had effects on both the Secretariat's ability to hire, and its ability to get the Board's guidance on a number of policy and strategic issues. Regarding the latter, given the status of the updated Strategic Plan, the indicative 2021 programming goals included in the table below were prepared with a view towards advancing the broad goals contained in the Board's decisions and its initial Strategic Plan. They are also based on readiness funding approved by the Board at B.26, and on the assumption that the budget request put forward by the Secretariat in this document will be approved at the level requested. That said, the Secretariat is conscious of the fact that programming for 2021 could very well be affected by Board decisions taken in the context of ongoing discussions on the 2020–2023 Strategic Plan, including decisions on such things as the level and/or extent of adaptation funding and DAE



programming. As a consequence, the Secretariat will reassess the 2021 programming goals following the finalization of the updated Strategic Plan, and it will notify the Board if it believes that any changes would be required. In terms of assumptions, it must also be noted that decisions on key policy items, including the review of TAP operational modalities and the programmatic approach can have a significant impact on the Secretariat's ability to achieve the projected programming outputs expected for the year 2021 included in the table below. Finally, the programming goals below may also be affected by the uncertain course of the COVID-19 pandemic which could lead to a re-prioritization of resourcing allocations in countries and entities that will affect programming with the GCF.

Table 2: 2021 programming goals

Sectors / country programming		Readiness support (other than adaptation planning)	Adaptation planning	PPF	FPs (all)	Regular FPs	SAP FPs	DAE FPs (incl. SAP and EDA)
FP / project / programmes		USD amount (number of proposals/requests)						
Country Programming	Approval	47.5 million (55 requests)	39.6 million (18 requests)	7.2 million (12 requests)	Up to 50 million (Up to 5 proposals) ¹	-	Up to 50 million (Up to 5 SAP) ¹	Up to 50 million (Up to 5 SAP) ¹
	Disbursement	11 million (first disbursement)	7.6 million (first disbursement)	5 million (first disbursement)				
Private Sector	Approval				750-880 million (12 proposals)	720-850 million (9 proposals)	30 million (3 proposals)	110-170 million (4-5 FPs)
	Disbursement	-	-	-	108-185 million	104-180 million	4-5 million	32-57 million
Public Sector	Approval	-	-	-	1.03-1.33 billion (33 proposals)	1.0-1.3 billion (30 proposals)	30 million (3 proposals)	90-120 million (3 FPs)
	Disbursement	-	-	-	341-368 million	333-355 million	8-14 million	8-44 million
Totals	Approval	47.5 million (55 requests)	39.6 million (18 requests)	7.2 million (12 requests)	1.78-2.26 billion (45-50 proposals)	1.72-2.15 billion (39 proposals)	60-110 million (6-11 proposals)	250-340 million (12-13 proposals) ¹
	Disbursement	11 million (first disbursement)	7.6 million (first disbursement)	5 million (first disbursement)	449-555 million (for 2021)	437-535 million	12-20 million	40-101 million

¹ Dependent on reforms in the implementation of the SAP as described in Section 2.2.

Abbreviations: DAE = direct access entity, EDA = enhancing direct access, FP = funding proposal, PPF = Project Preparation Facility, SAP = simplified approval process.

2.3 Management of portfolio implementation for results and knowledge

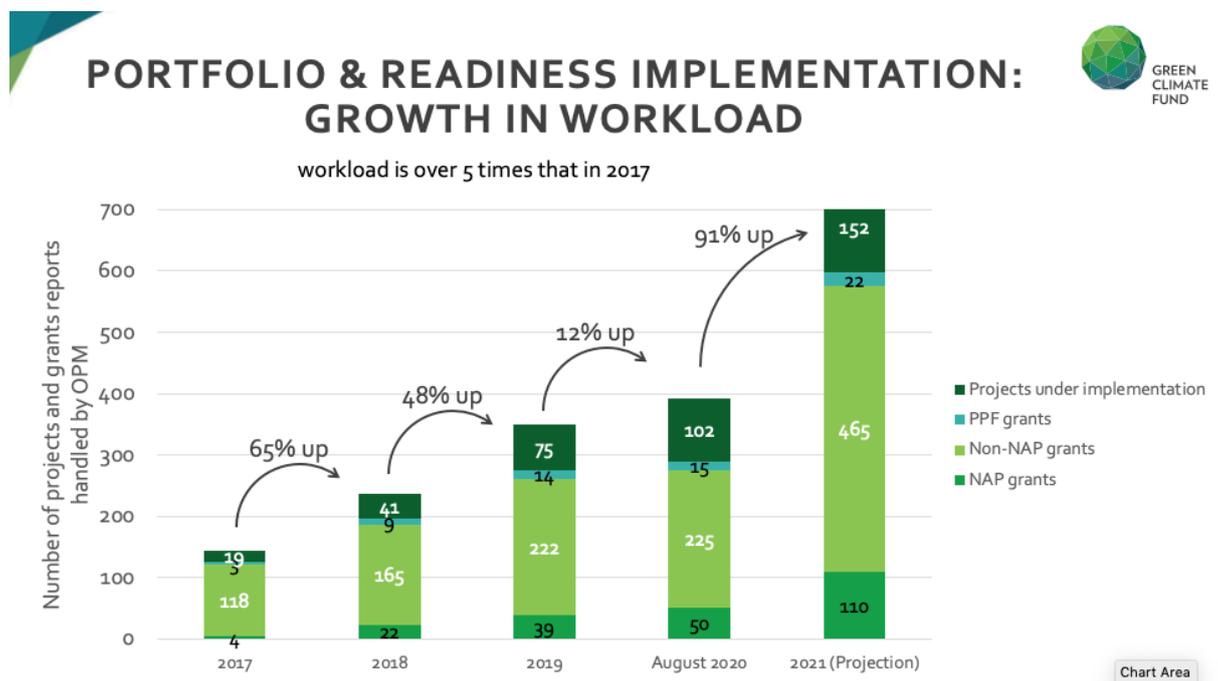
33. The work programme's focus on management of portfolio implementation is placed as the third priority only due to the positioning of implementation in the project cycle. In fact, the management of GCFs fast growing multi-billion dollar portfolio – which has grown by 250 per



cent since the start of 2019 – encompasses the most important fiduciary responsibilities that the Secretariat engages in for the Board. Specifically, it includes executing legal arrangements for project implementation, portfolio monitoring for compliance, dynamic adaptive portfolio management, results management and systemic learning, issues that are critical to the integrity and reputation of the GCF.

34. Despite the fact that the GCF business model places responsibility for implementation squarely on the AEs, the GCF has an independent fiduciary responsibility to the Parties to **monitor implementation to ensure both compliance with GCF requirements and progress towards the achievement of agreed results**. The extent of that responsibility has grown significantly since B.11 when the Board approved the first 8 funding proposals and received a report on the first 17 readiness approvals. Over the last three years the GCF has seen a three-fold increase in the number of projects entering implementation, and the GCF’s approvals now imply responsibility for overseeing the implementation of, among other things, 128 projects and programmes, 332 non-NAP readiness grants and 58 NAP readiness grants. Further, the successful GCF-1 replenishment will soon translate into an increased number of proposals to be reviewed as well as a three-fold-plus increase in the growth in the funded Activities portfolio. Finally, the GCF’s ambition to increase support to DAEs and readiness activities will lead to a significant increase in the Readiness Programme Support Portfolio. The impact of this increase in portfolio implementation is shown in figure 1 below which shows annual increases in implementation since 2017.

Figure 1: Workload increase relating to implementation since 2017



35. While it is difficult to predict the full effects of the COVID-19 pandemic on both the GCF and its partners over the next 12–18 months over different stages of implementation, the progress made by the Secretariat in advancing its 2020 implementation goals have shown the resilience of the Secretariat’s systems in moving projects, with increasing speed, to the critical first phase of commencing implementation. Table 3 below summarizes key outputs expected for the year 2021, including projections for cumulative disbursements as of the end of 2021.

Table 3: 2021 implementation goals (1 January – 31 December 2021)

Core indicators	Cumulative baseline (as at 30 September 2020)	Target December 2021
AMAs signed	82 AMA signed	+16 AMAs signed
FAAs signed	123 FAA signed	+28 FAA signed
FPs under implementation and value (USD)	108 FPs (USD 4,635M) (76% of total)	+16 to 23 FPs (USD 813–1,277M)
FPs under disbursement and total disbursed (USD)	88 FPs (USD 1,352M) (62% of total)	+6 to 38 FPs (USD 449–555M)
Readiness and funded activity progress reports reviewed for results	Readiness reports: 173 Funded activities: 71	Readiness reports (IPRs & CRs): 125 funded activities: 93

Abbreviations: AMA = accreditation master agreement, FAA = funded activity agreement, FP = funding proposal, M = million, IPR = interim progress report, CR = completion report

36. From the significant expansion of the GCF's portfolio under implementation follows a concomitant increase in the GCF's fiduciary responsibility and the Secretariat's need for ensuring the **careful review of progress reports tracking implementation** against agreed project milestones and managing for results. For example, the Secretariat projects that in 2021 it will receive for review over 234 implementation reports, including 93 annual progress reports (APRs), 13 interim evaluation reports, 3 final evaluation reports, 100 readiness interim progress reports and 25 readiness completion reports. The Secretariat currently lacks the staff to enable the essential in-depth consideration of all related submissions to assess both compliance and results; it therefore seeks through its 2021 budget to substantially ramp up capacity in this regard. While reporting and review for compliance has always been a fundamental fiduciary responsibility of the GCF, the pervasive impacts of COVID-19 require the Secretariat to undertake an even more proactive evaluation of the status of all GCF investments. Projects need to be continuously assessed for changes in such factors as the speed of implementation and the rates of project expenditures, fund drawdowns and disbursements.

37. The Secretariat's efforts in this regard will be supported by enhanced routine engagement with AEs and delivery partners. To support this work, the Secretariat will continue to evolve **adaptive management techniques and approaches for risk monitoring**. This will be supported by intelligent automation through further development of a Portfolio Performance Management System (PPMS), including a system for flagging key project implementation and performance risks. These initiatives and related capacity will be critical to facilitating responsiveness and timely actions to support AEs, delivery partners and NDAs who implement and oversee GCF investments. In fact, the Secretariat expects that it will have to consider and address (or facilitate addressing) a growing number of requests for major and minor changes in project implementation in 2021, and it will strive to ensure that appropriate adaptive management measures are instituted in a timely manner to mitigate adverse impacts of the pandemic on implementation. Further to this, the Secretariat will continue to generate quarterly updates to the Board on the impact of COVID-19 on the GCF portfolio and adaptive measures to mitigate these impacts. Given the nexus of this work to GCF goals on disbursement and results, the Secretariat needs the human capacity and latitude to promptly evaluate and facilitate appropriate action.

38. While reviewing project reporting for compliance and monitoring the achievement of core goals are critical pieces of the Secretariat's work, **monitoring and evaluating project results** is also integral to the delivering the GCF's mandate and ensuring the GCF operates efficiently, effectively and as a learning organization. The Secretariat's ability to review for results starts with its careful pre-endorsement review and validation of country programmes, EWPs, AMAs, concept notes, funding proposals and readiness requests, to ensure that related results frameworks and indicators are sensible and clear, and that monitoring and evaluation arrangements are robust and sufficiently budgeted for. This up-front review also seeks to ensure that new proposals support and integrate appropriate resilience measures and related reporting targets to deal with the pandemic without distracting from the GCF's mandate.

39. This work should be undertaken in the context of a clear and effective results management framework, and if the Board adopts the pending proposed **Integrated Results Management Framework (IRMF)**, implementation of that framework will be a key initiative for the Secretariat in 2021. Specifically, the Secretariat will prepare a results handbook as a guide to help stakeholders apply the GCF's results management framework, clearly defining roles and responsibilities, as well as setting out indicator guidance, reporting protocols and monitoring and evaluation toolkits. The Secretariat is also planning at least three capacity-building sessions to enhance AEs/NDA capacities for IRMF application and Theory of Change/logical framework development.

40. Finally, a central purpose of this work is to ensure that beyond compliance, the management of the portfolio also serves as a source of vital information to enable the GCF ecosystem to learn from experience and continuously improve the operations of the institution. To that end, a 2021 Secretariat initiative will focus on the **harvesting, codification and dissemination of lessons and best practices** from implementation of the GCF portfolio. Specifically, during 2021, the Secretariat will distil lessons learned from the Readiness Programme and share that knowledge through development of a Readiness Knowledge Bank. In addition, it plans to develop a series of knowledge products from APRs and project evaluations. These will include analytical reports on GCF performance, how-to guides and case studies on key topics. It also plans to collaborate with other climate finance institutions to exchange knowledge and lessons from implementation. Finally, to facilitate the transfer of key information, it will prioritize improved transparency and access to portfolio information through the presentation to each meeting of the Board of consolidated portfolio status and performance reports, and through the development of an open big data library.

2.4 Supporting the Board and helping to advance consolidation of the GCF's policy and governance framework

41. Priority area 4 encompasses several key initiatives that are designed to support the Board in implementing both its evolving **four-year Board workplan** and its responsibilities relative to the Conference of the Parties to the UNFCCC.

42. That work will start with a Board engagement strategy built around all pillars of communication with the Board to cover onboarding assistance to both the new 2021 Co-Chairs and new Board members as well as technical support for running Board consultations. Onboarding will include informational briefings on, among other things, the operation of the GCF, its committees and its Board meetings, and the ethics rules that apply to Board members. Regarding Board meetings, and in light of ongoing uncertainties created by COVID-19, the Secretariat will prepare for the contingency of holding three Board meetings in both a virtual and/or in-person manner. The Secretariat will also support the Co-Chairs in the fulfilment of the mandate of decision B.23/03 which requested them to "continue to enhance the effectiveness of pre-Board meeting consultations in an open, inclusive, consultative and transparent matter." To

that end, the Secretariat will propose various strategies aimed at informing and engaging Board members on proposals and providing them with the background that they need to drive consensus on outstanding policy matters.

43. As regards policies, during 2021, the Secretariat will implement a number of initiatives designed to enhance the **quality and accessibility of the policy and policy review documents** that it prepares for Board consideration. Specifically, during 2021, the Secretariat will begin implementing a more team-oriented internal policy development process in line with the internal policy manual being developed in 2020. Among other things, that manual will support more robust policy analysis and the development of higher quality policies. The manual will also build in opportunities for the Secretariat to do more advance work on policies with AEs in order to try to leverage complementarity and coherence, and ensure that what is being proposed can be effectively implemented. Related consultations will also be used to gauge the level of capacity-building that will be needed to enable effective implementation of the policies. Additional initiatives will standardize efforts to support clearer and more succinct presentations of policy concepts, and more clearly elaborated reviews of expected policy impacts and implementation planning goals. These efforts will help to ensure that in taking its policy decisions, the Board has before it a fuller understanding of the costs and/or benefits of policy choices and expectations for implementation, including resourcing implications. The Secretariat will, in particular, advise the Board when implementation of a policy will depend on resourcing approval additional to what is included in its current budget. As further support to the Board, the Secretariat will trial disseminating with its policy documents both hard copy and video presentations aimed at providing fuller explanations of the proposals that it had been asked to prepare. Finally, the Secretariat will continue to deliver its policy documents to the Co-Chairs consistent with the rule of procedure that mandates Board documents to be distributed to Board members at least 21 days before a meeting of the Board.

44. In further support of policies, the policy manual will consolidate arrangements for internal **monitoring of policy implementation**, enabling the Secretariat to provide the Board with regular updates on progress in policy implementation. Related procedures will also better position the Secretariat to flag problems with policy implementation for either internal adaptive management changes, or, if needed, the development of requests to the Board for policy updates or amendments. This process, together with enhanced consultation with the IEU on its evaluation schedule should help reduce the ad hoc nature of and duplication in reviews and enable the Board to rationalize and better focus its policy review agenda on areas of strategic significance, policy framework coherence and its most critical policy updates.

45. As regards the GCF's policy and policy review agenda, it is important to recognize that COVID-19 has had a substantial impact on the ability of the Board to meet the policy review and development ambition that was embodied in 2020–2023 workplan. Specifically, the four-year workplan iteration that was approved by the Board at B.24 envisioned the preparation and consideration over 12 meetings of over 45 policy reviews and the development or update of over 40 policies. The 2020–2023 Board workplan outlines a very ambitious policy agenda, reflecting the Board's historical ambition vis-à-vis policy matters. The Secretariat stands ready to support the Co-Chairs and the Board to identify the policies which have the greatest operational impact to unlock access, innovation, and improve effectiveness and efficiency in order to enable the GCF to meet its GCF-1 ambition.

46. In that regard, certain policies can be considered to be enablers, and are deemed by the Secretariat to be critical for 2021 resolution if the GCF is to gain the efficiency in its work necessary to meet the GCF 1 ambitions implied by the GCF 1 replenishment. These include, if not approved in 2020, the policy papers on the TAP modalities, IRMF, updated accreditation framework and PSAA, SAP, programmatic approach, investment framework policies and the updated sexual exploitation, abuse and harassment (SEAH) policy. The Secretariat will also

continue work to develop all other policies on the four-year Board workplan, while allowing that some of these may be carried forward as a multi-year effort permitting due time for thorough policy development and consultation with the Board and key stakeholders.

47. In addition, some policy reviews will help support the development of key policies and/or be important inputs to the landscape policy review and the beginning of the IEU's overall performance review, both of which, according to the Board's workplan and the related four-year policy cycle, are expected to be initiated in 2022. Aside from the IEU's proposed reviews on RFPs and the private sector, these reviews include the review of the Information Disclosure Policy, guidelines on observer participation and the GCF's risk management framework.

48. While Priority 4 is framed in terms of policy support to the Board, the implementation of the Board's policy agenda cannot be fully carried out without support from the Board. Nowhere is this truer than with regard to the GCF's **compliance and safeguarding policies**. Over the past few years, there has been a significant increase in the workload related to the development and implementation of the GCF's integrity and safeguarding policies, and the requirement to integrate and align those policies across GCF policy suites and operations. Specific work in these areas will require significant resources, in particular, as it relates to SEAH, anti-money-laundering and countering the financing of terrorism (AML-CFT) and the gender and indigenous peoples policies. For example, implementing the SEAH Policy and the Prohibited Practices Policy (PPP) requires a review and a good faith effort to include relevant SEAH and PPP provisions in approximately 500 contracts. Looking forward, it is also likely that implementation of a new GCF ESS Policy will require increased support. Very often, the support needed for these endeavours is very specialized. Further, implementation also requires training for both Secretariat staff and AEs. As noted above, the Secretariat will strive in the future to make clearer for the Board the additional (or saved) resources that will be associated with the adoption of any new policies it is considering. That said, as implementation of the above noted policies expands, failure to ensure sufficient capacity for their effective execution may create substantial risks to both the GCF's portfolio and reputation. Finally, Priority 4 covers support to the Board relative to its responsibilities to the COP. In 2019, COP 25 requested the Board to address a range of issues, which was addressed through decision B.25/07. The Secretariat will work to advance the implementation of the guidance received from the Board to respond to COP, including through its technical engagement with the UNFCCC secretariat. While the COVID-19 pandemic has created delays in the normal cycle of work related to UNFCCC, during 2021 the Secretariat will continue to support the Board to address areas of work related to the guidance received, including to help organize the annual meeting of the Board Chairs with the chairs of the UNFCCC constituted bodies and advance its collaboration with the UNFCCC secretariat.

2.5 Facilitating access and accelerating implementation by improving process efficiency, effectiveness, transparency and speed of delivery

49. During 2020, the Secretariat undertook a major business redesign and automation effort with a view to identifying opportunities under current policy settings to maximize the efficiency, effectiveness and transparency of its processes. This involved undertaking steps to clarify and codify staff roles and responsibilities in all process phases, and to **streamline, reduce duplication, improve consistency and optimize the speed and performance of key processes including decision-making**. During 2021, the Secretariat will build on these efforts and work to optimize its processes and consolidate related efficiency gains. Specifically, during 2021 the Secretariat will drive further horizontal alignment and bring greater standardization and efficiency to GCF processes through the **operationalization of new manuals covering programming, operations, procurement, finance and policies**. These manuals codify for

Secretariat staff and external stakeholders how the GCF undertakes key processes, to enhance transparency and predictability. In that regard, the Secretariat will aim to be implementing all of its processes in line with its new operations manual for the B.29 meeting cycle onwards. In addition, **the consistency of reviews** will be enhanced through development of a project assessment/appraisal manual and further development of project appraisal tools. The manual and tools will also serve as guidance to help stakeholders better understand the way the GCF reviews projects in line with its investment framework and investment criteria and to prepare submissions of high-quality funding proposals.

50. Codifying these processes has also allowed the Secretariat to develop service **standards across all key client-facing processes**, which are captured for the first time in the results framework accompanying this work programme. These service standards set expected turnaround times for the Secretariat's first response to accreditation, readiness, PPF, concept note, funding proposal and SAP submissions, while recognizing that the total time taken to process such applications depends also on partner response times and the further work and revisions that may be required. The service standards are expected to enhance predictability as well as accelerate related Secretariat processing times.

51. Underpinning the Secretariat's efforts to improve efficiency, effectiveness and speed of delivery will be an ongoing **digital transformation of the GCF's operations**. During 2021, the Secretariat will continue to implement its four-pronged agenda for digital transformation which focuses on (i) creating a digital workplace; (ii) digitizing business operations; (iii) supporting a data-driven GCF; and (iv) enhancing digital collaboration and engagement. To these ends, specific activities that the Secretariat will undertake in 2021 include building additional platforms for virtual engagement, continuing to its work towards automation of the majority of its core business processes and the launch of new programmes for client relationship management (CRM), taxonomy and digital onboarding. The Secretariat also expects to make more information available on its web-based tracking platforms.

52. Critical to the ongoing success of these measures will be continuous **performance monitoring**, which will help the Secretariat to assess the impact of its operational changes on efficiency and effectiveness, and use lessons to realize the next level of efficiency gains. These efforts will also help the Secretariat to assess its capacity to execute the Board's strategic vision for GCF-1. In that regard, the Secretariat will undertake periodic reviews of its capacities, and in particular, in light of the Board's expected adoption of an updated Strategic Plan. The Secretariat's approach to assessing if its capacity remains adequate for GCF-1 goals takes into account a number of factors. First, it identifies key work drivers, as well as growth and shifts in those drivers, and it quantifies resource needs to meet those shifts. Next, it quantifies the efficiency gains that can be reaped through changes in processes that are within the Secretariat's control, such as the measures we have been taking to redesign our business processes, automate our work, and help our partners to improve upstream quality. While the work programme identifies further work that we will do in 2021 to make these kinds of changes, this approach recognizes that there are also limits to how far Secretariat initiated efficiency measures can go in ensuring the delivery of increasingly robust goals. That said, this analysis leaves out the consideration of key levers that are available to the Board to achieve the Governing Instrument's goal related to efficiency and effectiveness. Those levers include deeper policy simplification, supplementary resourcing or a combination of both. In the absence of such related Board decisions, at some point, delivering the ambitions of GCF-1 programming and implementation with static capacity will necessitate trade-offs among priorities.

53. Along these lines, to accomplish its work programme for 2021 and set a foundation for delivering the Board's vision and goals for GCF-1, the Secretariat is making efforts to streamline and strengthen its recruitment processes, re-envision its procurement efforts and pursue **efficient institutional resourcing solutions** to supplement staff capacity, particularly in light

of hiring constraints. In that regard, the Secretariat will require, and will more efficiently procure and deploy more scaled, systematic use of professional services firms and rosters of experts to support key functions which are either unstaffed, vulnerable to gaps in staff coverage (e.g. because staff members fall ill or resign) or where outsourcing represents an efficient long-term option. Areas that can benefit from such supplementary expertise include supporting origination and project development, parts of the review and implementation processes and technical services such as editing and translation. The latter reflects the Secretariat's commitment to translate an increasing number of key documents into the major working languages of the GCF, including French, Spanish and Arabic.

2.6 Fostering a high-performance collaborative culture and consolidating institutional capacities and oversight

A safe and respectful workplace and a talented workforce

54. During 2021, the Secretariat will undertake a number of initiatives designed to consolidate and mobilize its growing institutional capacities and ensure staff safety and staff productivity. Given the challenges of the last six months, the discussion of institutional capacity must start with **a clear commitment of the GCF to the safety of the Secretariat's personnel in the face of COVID-19 and other threats**. To address this issue, during 2021, the Secretariat will begin implementing a new and expanded safety, security and business continuity plan, including a plan for emergency response. It will also strengthen its internal safety and security capacity through the hiring of an officer focusing on safety, security and business continuity. Thanks to the Government of Korea, The Secretariat now has access to a second annex which enables us to reduce the risk related to COVID-19 transmission and provide a back-up office facility for essential functions. The COVID-19 experience suggests the importance of decentralizing some activities to other operational hubs in order to further reduce such risks in the future and increase the resilience of the organization. To track our work in this area, a key performance indicator has been added to our 2021 results management framework.

55. On a related matter, the global pandemic has demonstrated the unpredictable nature of our work and highlighted the risk of having staff stranded in countries due to unexpected national lock downs and/or the closure of international transportation hubs. The Secretariat believes that this experience reinforces the conclusion on **privileges and immunities** included in the 2020 work programme that "continuing to operate the GCF without the essential privileges and immunities specifically called for in paragraph 8 of the Governing Instrument presents an ongoing risk to Board members, GCF investments and the Secretariat's personnel." Noting that the traditional method of pursuing individual country privileges and immunities agreements continues to offer limited gains, with the expectation that only three agreements will be signed in 2021, the Secretariat hopes to support the Board in 2021 in examining other options towards fulfilling that Governing Instrument mandate.

56. Institutionalizing our core values to **ensure a respectful and supportive workplace culture** is a key priority for the Secretariat. We recognize that frustrations have built up over the years and discussions with staff have pointed in two directions: improving our internal grievance mechanisms and improving our work culture. This will ensure that no staff concern will remain unaddressed.

57. The absence of appropriate internal grievance mechanisms has led to many staff concerns to be filed with the Independent Integrity Unit, where some disputes relating to misdemeanours could be addressed more appropriately through other mechanisms. We are rapidly developing our internal grievance mechanisms with the work of our **ethics, ombudsperson and staff appeals** functions and the advancement of our commitment to the

prevention of discrimination and harassment. This will include an enhancement of our workplace conflict prevention and resolution infrastructure to help ensure that we retain a strong internal ability to manage essential staff issues. Related efforts will be supported by an expansion of advisory services to staff and personnel to support accountability, dispute resolution, mediation, and staff appeals. In addition, further activities will be undertaken to improve and raise awareness about GCF's grievance resolution mechanisms including those related to the Independent Integrity Unit.

58. In 2021 we will build upon existing work to **strengthen our work culture and emphasize our commitment to climate action, innovation, respect, responsiveness and trust**. This will include taking action to implement the Senior Management Team's statement of values and to review this through 360 degree feedback for managers. The Secretariat management knows that this can only be achieved if management itself models promotes and instils core values including commitment to climate action, trust, responsiveness, innovation and respect. More 'safe spaces' will be created for staff to express any concerns about management or the working environment. Through these and other initiatives, we will endeavour to promptly and transparently address staff concerns, thereby enhancing our commitment to ensure that GCF is a safe environment where its people can contribute, develop and thrive.

59. During 2021, the Secretariat will also implement its **new 'People Plan'** designed to streamline and improve our process for acquiring and developing talent and consolidate a corporate culture that is at once mission aligned, value driven and people focused. That plan will have its basis in our joint commitment and common sense of purpose to protect the global climate. To that end, it will focus on attracting and nurturing the diverse talent and skillset that we need, and fostering an enabling, collaborative, high-performing environment where our people are empowered and accountable, and where they can thrive. The Secretariat management knows that this can only be achieved if managers model, promote and instil core values including commitment to climate action, trust, responsiveness, innovation and respect and trust – and maximize learning from both our successes and our failures. In 2021 the Secretariat will not only lean into these values, it will inculcate them in a new and critical cohort of staff that will be joining the GCF.

60. Beyond our fundamental commitment to staff safety, one key thrust of the Secretariat's work under Priority 6 will build on our 2020 efforts to ensure the vertical **alignment of staff responsibilities with work programme and Strategic Plan goals**. This effort has created a shared understanding of everyone's role in key Secretariat processes, enhanced the links between institutional goals and individual performance, and supported greater transparency and coherence in performance management, with a view to fostering an empowered, results-oriented and value-driven work culture. In 2021, monitoring of related work will be supported by development of a new performance management framework.

61. Moving forward, the Secretariat believes it is critical for its hiring and retention efforts to be supported by approval of a long-delayed **update of GCF's human resources (HR) legal framework and salary scale**. Indeed, this is essential if the GCF is to attract, nurture and retain the world-class talent needed to meet the GCF I ambition. This effort is especially important in the year ahead, as the 2021 Secretariat cohort of hires is expected to be substantial. In fact, as this 2021 work programme is drafted, the Secretariat has approximately 200 staff on board. With about 20 recruitments at an advanced stage, the Secretariat expects to have about 220 staff by the end of 2020. This is substantially less than the level we need to maintain our historic level of output, much less meet the significantly expanded ambition of GCF-1, requiring a substantial recruitment effort in 2021 to meet the goal of fully staffing up to the Board-approved head count of 250.

62. Beyond accelerating the ability of the GCF to bring on essential talent more quickly, the Secretariat will also work in 2021 to deepen its investment in staff capacity through among other things, **strengthening onboarding and staff training and the development of knowledge products** designed to turn tacit knowledge into easily accessible strategies for continuous improvement. This critical investment in staff development and knowledge will support higher performance in the implementation of the vertical alignment described above and help build a collaborative values-based culture. A comprehensive onboarding programme will be rolled out to enable new staff to hit the ground running. This effort will enable staff capacity to be enhanced through expanded core knowledge training covering institutional, values and climate change modules. Related learning investments will also allow the broader menu of both required and optional staff training to be expanded and augmented through both in-house seminars taught by staff and managers, external and e-learning components and broadening internal communities of practice. Knowledge retention will be supported by instituting a more formal process for succession planning and through the development of a knowledge generation mechanism. Finally, targeted internal audits and IEU reviews will supplement the learning process and be used to facilitate adaptive management to make sure we are operating as effectively as possible.

Resource mobilization, partnerships and communication

63. To equip GCF to deliver its GCF-1 goals, the Secretariat will also in 2021 continue to move on various fronts related to **resource mobilization**. This will include efforts to complete the conversion of existing pledges into contribution agreements and commitment authority, continuing to foster relationships with contributors and potential contributors, and advancing the initial Strategic Plan's admonition that the GCF "leverage additional financial inputs from innovative and alternative sources". To that end, and consistent with the Board workplan, the Secretariat will support the Board during 2021 in efforts to develop a policy for contributions from alternative sources.

64. This work will also be underpinned by extending the Secretariat's efforts on **outreach, communications and partnerships** to strengthen the GCF's global brand and positioning, build stakeholder understanding of the GCF's processes and results in advancing climate action, and create opportunities for collaboration. 2021 initiatives in this area will include showcasing GCF's achievements with compelling, evidence-based communications, project and beneficiary profiles, and storytelling to convey GCF's work to key audiences, using a range of traditional, social and digital media formats. The Secretariat will also translate communications and information products into various languages to extend GCF's reach to different audiences. Enhancement of GCF's brand image, visibility and credibility will be promoted by mobilizing awareness of and engagement with GCF, including across global and regional forums. As an institution that relies on partnerships for its operations, promoting a culture of partnership in GCF is critical, and 2021 efforts will focus on implementing the GCF's partnership roadmap to strengthen a partnership culture, identify opportunities for collaboration and operationalize partnership tools such as a digital CRM system and a Memorandum of Understanding repository.

65. The Secretariat will also continue its work to promote institutional-level complementarity and coherence with other climate funds, with a focus on advancing concept notes that test the SAP modality for scaling up successful Adaptation Fund projects into full funding proposals and also building on the existing Global Environment Facility e-transport programme. The annual dialogue with climate funds will also be 2021 work programme initiatives, along with knowledge management activities, the latter of which are anticipated to advance on an ad-hoc basis depending on how the COVID-19 context evolves.



Risk management and oversight

66. Finally, all of this work must be supported by strong and effective **risk management and oversight**. The Secretariat will further develop its enterprise risk and opportunity management approach, designed to allow the organization to focus on the future and manage the effect of uncertainties on delivery of goals. This integrated approach to risk management will aim to enable foresight and risk-informed decision-making across all levels of the organization, to maximize successes while minimizing the impact of unsuccessful activities. This work will also be supported by a risk-based internal audit workplan and ad hoc engagements.



III. Proposed 2021 administrative budget of the GCF including the Board, the Trustee and the Secretariat

3.1 Introduction

67. The operation of the Board, the Secretariat, and the services provided by the Trustee are supported through an administrative budget approved by the Board against the funds available in the GCF Trust Fund. This document proposes the administrative budget for the period 1/1/2021 – 12/31/2021 to support the operations of those three entities. The table that follows provides a broad overview of the budget. That overview is followed by individual sections covering the Board, the Secretariat and the Trustee.

Table 4: Proposed administrative budget for the period 2021 (in United States dollars)

		2020 Approved Budget	Proposed 2021 Budget	Change in 2021 draft budget over approved 2020	% change
1	Board	4,012,520 ^a	4,756,436	743,916	18.5%
2	Secretariat	71,594,751 ^b	75,018,024	3,423,273	4.8%
3	Interim trustee	2,881,000	3,756,000	875,000	30.4%
	Grand total	78,488,271	83,530,460	5,042,189	6.4%

^a USD 3,673,720 approved via decision B.24/05 and USD 338,800 approved by the Board by decision B.25/09 thus bringing the total administrative budget for the Board for 2020 to USD 4,012,520.

^b Via decision B.25/02, the Board approved a contingency budget in amount equal to 2 per cent of the Secretariat budget (USD 1,403,819) thus bring the total administrative budget of the Secretariat to USD 71,594,751.

3.2 Budget process

68. The GCF administrative budget comprises of the budgets for:

- (a) The Board budget, including the Accreditation Panel (AP) and the independent Technical Advisory Panel (TAP);
- (b) The Trustees;
- (c) The Secretariat; and
- (d) The three independent units (i.e. the IEU, the Independent Integrity Unit (IIU) and the IRM).

69. The annual work programme preparation and budgeting process (except for the independent units) is initiated jointly by the Office of the Executive Director and Finance Unit by the issue of the budget notification memo. The memo includes general guidance on the work programme and budget expectations, timelines for the process, and associated templates to enhance standardization. The Office of the Executive Director (OED) and Finance also put together a core team that leads¹ the exercise and supports divisions with the queries they may have regarding the exercise.

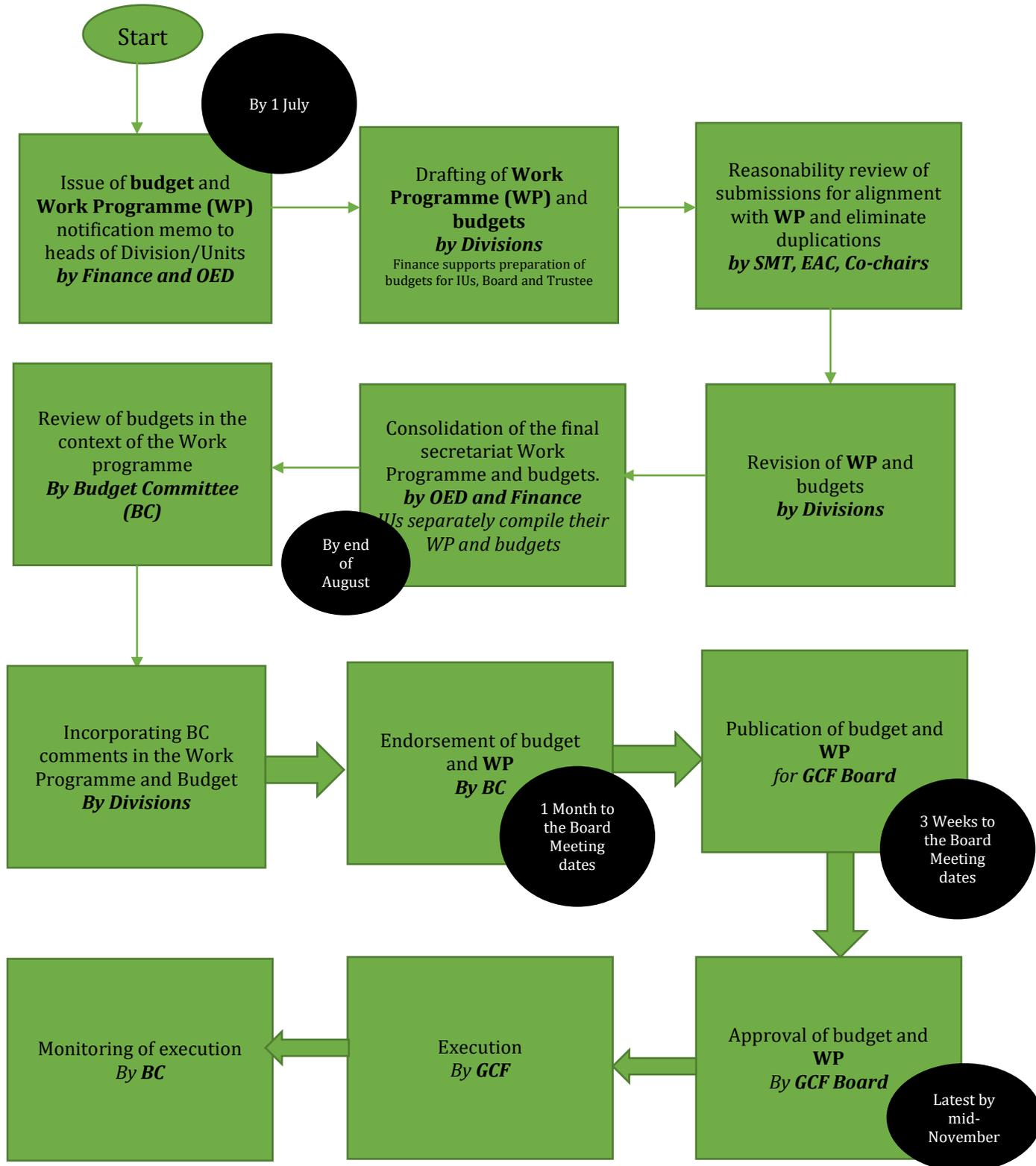
¹ The core team mainly deals with the Secretariat budget. However, the finance members of the core team also support preparation of the independent units, Board, Board Panels and Trustee budgets.



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70. Upon receipt of the notification memo, divisions commence the work programme. They develop the outputs for the upcoming year, followed by a costing of the resources required for the outputs. The documents are then shared with the core team for compilation. While compiling the division's submissions, the core team checks alignment between the outputs and the resourcing requirements and for any duplications in the submissions. Any preliminary issues noted are discussed with the divisions and preliminary revisions made. At the same time, the Finance unit coordinates receipt of the Trustee budget submissions and prepares the budget for the Board and Board Panels in consultation with the divisions supporting the Board and Board Panels such as Office of Governance Affairs (OGA), Office of Risk Management and Compliance (ORMC), and OED. The consolidated budget is submitted to the Senior Management Team (SMT) for review.
71. The SMT plays a challenge role checking any disproportionate resourcing for the Secretariat budget. It may recommend changes to both the work programme and budgets. The budgets for the IIU and Independent Redress Mechanism Unit (IRMU) are presented to the Ethics and Audit Committee (EAC) for review while that of the IEU is consulted with the Co-Chairs.
72. The respective divisions/units act on the recommendations by SMT and EAC and the Co-Chairs, after which the revised budgets are shared with the Budget Committee (BC).
73. The BC plays a further challenge role for the entire administrative budget. It may seek clarification or recommend revisions for some or all the administrative budget. Where revisions are recommended, the respective units effect the suggested revisions and submit the revised budget requests to the BC. Once satisfied with the effected modifications, the BC endorses the budgets and recommends approval by the GCF Board.
74. Just like the BC, the GCF Board may seek clarification or recommend further revisions for some or all the budget set. Where revisions are recommended, the respective units affect the suggested revisions and submit the revised budget requests to the Board. Once satisfied with the effected modifications, the Board approves the administrative budget.
75. After approval, the BC is tasked with monitoring the execution of the budget. Updates on the budget execution are also presented to the Board in every Board meeting.
76. Upon approval of the budgets by the Board, the Secretariat and independent units start taking steps for the execution of the budget. For the Secretariat, the finance team discusses the approved budget with the divisions/offices and uploads the same in the accounting records and system. The divisions then prepare and publish the detailed terms of reference for the professional firms and consultants to be hired, plan any travel with partners, start the process of procuring goods, etc. To ensure the continuity of the operations of the institution, to plan and to timely execute the resources, the administrative budget must be approved well in advance. Non-approval of the budget will expose the GCF to significant operational risks and challenges. For an organization like GCF, approval of a multi-year administrative budget is ideal to ensure operational continuity and avoid disruption to critical activities and projects. However, in the absence of the same, the budget for the year should be approved well in advance, at least 6–8 weeks before the beginning of the year.



Figure 2: Budget process





3.3 Board budget

77. The costs relating to the Board, detailed in table 5 below, cover expenditures associated with: logistical arrangements for and travel to Board meetings; Co-Chair, co-chair team and Board representative travel on GCF related missions; and inter-sessional meetings of Board committees, panels and working groups. Note that this budget allows for different modalities for Board meetings next year (in presence or virtual), based upon experience with previous Board budgets, but without prejudging decisions on the organization and modality of those meetings. The 2021 Board budget reflects increased costs associated with changes in the operation of TAP and the AP. Specifically, at B.25, the Board agreed to the appointment of four new TAP members and one administrative consultant, who would report to the TAP chair but would be hosted by the Secretariat. The AP budget includes one international consultant supporting the AP on SEAH and gender-related issues. This is needed for the implementation of the SEAH policy approved by the Board in B.23.

Table 5: Board: Proposed administrative budget for the period 2021 (in United States dollars)

		2020 approved budget	2021 proposed	Increase/ (decrease) in 2021 proposed budget over approved 2020	% change
1.1	Board meetings				
1.1.1	Board representative travel	1,153,919	1,188,537	34,618	3.0%
1.1.2.	Venue and logistics	415,237	427,694	12,457	3.0%
	Sub-total: Board meetings	1,569,156	1,616,231	47,075	3.0%
1.2	Co-Chair and Board representative travel				
1.2.1	Co-Chair and Board representative travel	25,324	26,084	760	3.0%
	Sub-total: Co-Chair and Board representative travel	25,324	26,084	760	3.0%
1.3	Board committees, panels and working groups				
1.3.1	Board representative travel	356,785	487,489	130,704	36.6%
1.3.2	Venue and logistics	11,255	11,593	338	3.0%
1.3.3	Compensation of Board panels: Accreditation Panel	804,000	982,500 ^a	178,500	22.2%
1.3.4	Compensation of Board panels: Technical Advisory Panel	1,246,000	1,632,540 ^b	386,540	31.0%
	Sub-total: Board committees, panels and working groups	2,418,040	3,114,122	696,082	28.8%
	Grand total	4,012,520^c	4,756,437	743,917	18.5%

^a Assumes nine panel members and five technical experts working an average of ten days per month and one AP operations support consultant.

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

^c USD 3,673,720 approved via decision B.24/05 and USD 338, 800 approved by the Board by decision B.25/09 thus bringing the total administrative budget for the Board for 2020 to USD 4,012,520.

^d Assumption is made for the purpose of budgeting and does not pre-empt Board decisions on the number of meetings, the number of days of those meetings, the format of Board meetings or the venue of those meetings in 2021.

3.4 Secretariat budget

78. The 2021 Secretariat budget has been developed in collaboration with relevant divisions and offices of the Secretariat, and is based on the Secretariat's best estimate of the resources required to enable it to carry out its work, including the initiatives included in the 2021 work programme. It also takes into account the fact that the GCF's portfolio under implementation has grown by 250 per cent since the start of 2019, accelerating the deployment of resources on the ground and necessitating the rapid development of and execution on critical Secretariat workstreams. The GCF SMT played a strong challenge function when reviewing individual divisional/office budgets.

79. As noted at the beginning of this document, the 2021 work programme is designed to enable the GCF to meet the ambitions implied by the GCF-1 replenishment and strategic directions of the Board. In this regard, the Secretariat's 2021 budget request responds to the **significant growth that has taken place in key work areas since 2017, notably in terms of project implementation and formulation, as the Secretariat must:**

- (a) Effectively manage the significant increase in projects that will result from the 70 per cent increase in GCF programming over the 2020–2023 period, including monitoring and managing results for the growing GCF portfolio of projects/programmes and readiness activities under implementation;
- (b) Provide more hands-on origination, project development and structuring support to improve the country drivenness and quality of the GCF pipeline and promote access, and in particular provide additional support for DAE programming in line with the Board's strategic guidance;
- (c) Review an increasing number of concept notes and projects, including smaller DAE, SAP and adaptation projects, following from the substantial expansion of the GCF's AE network and preparedness of more AEs to regularly submit proposals for funding;
- (d) Support continuing accreditation work and new reaccreditation efforts, and work with a growing network of AEs on entity work programming and alignment with countries priorities;
- (e) Efficiently respond to increasing AE and NDA requests for both traditional and COVID related changes to projects, as well as actively monitor and adaptively manage the portfolio for both traditional and COVID-19 related risks; and
- (f) Implement and monitor the GCF's evolving, complex policy suite, in particular policy requirements requiring new specialized expertise, such as SEAH and prohibited practices policies.

80. In addition, COVID-19 is increasing the workload, particularly in terms of the Secretariat's portfolio implementation function, and has created significant uncertainty. The evolution of the pandemic will create additional risks related to the Secretariat including potential interruptions in staff coverage for key functions, as well as unexpected short-term spikes in COVID-19 related demands.

81. Within this context of both increasing workload and uncertainty, in order for the Secretariat to deliver on its key performance indicators and invest in solutions to address emerging bottlenecks before they become significant impediments to progress, additional resources and flexibility is required. Staffing up to the 250-level set by the Board in 2018 is urgently required in 2021. While the Secretariat has and will continue to work aggressively to achieve greater efficiencies in its work, during the first half of 2020 it had on board an average of only 205 staff, a level that is almost 20 per cent below the level that the Board had approved for 2018. This **staffing level is insufficient to respond to the demands required for the**



Secretariat to meet either its 2021 work programme goals or the ambition of the GCF 1 replenishment. To address this situation, the Secretariat is streamlining and accelerating its recruitment processes with a goal of ramping up staffing levels to the full complement of 250 staff by the end of 2021 (reaching 220 by the end of 2020). The expected outcome of these improvements is to reduce the average time to fill a position from the current average of 196 days to 137 days (30 per cent) during the first iteration and further gains with improvements in the current recruitment information system. This goal, however, will be challenging and depend on the evolution of COVID-19, as many candidates have indicated a reluctance to move away from their families to take foreign positions during the pandemic.

82. Hence the ramp up in recruitment may take place in a phased manner with a slower start in 2021. This implies an average 2021 staffing level of only 235 staff. Accordingly, and in order for the Secretariat to both maintain GCF's momentum during the pandemic, and enable it to meet its 2021 work programme goals, the 2021 budget proposes essential adjustments to the budget lines for both consultants and professional services as a bridge towards a fully staffed Secretariat. While these adjustments are needed to provide near term flexibility in personnel arrangements, the Secretariat does not consider related increases, particularly to the consultancy budget, to present long-term solutions, and we expect the demand for consultant resources in particular to decrease as our staffing needs are more fully met. The Secretariat will in parallel be critically examining its internal processes to allow fuller execution of the professional services budget moving forward, with this holding potential for more long-term efficient solutions to address known areas of ongoing capacity need. These solutions are designed to allow the Secretariat to invest with equal energy in efforts to deliver immediate work programme goals, alongside efforts to secure robust institutional capacities and systems over the longer-term.

83. The budget also includes a contingency line which the Secretariat believes is critical to enabling it to effectively respond to both the mounting COVID-19 related demands for adaptive actions, and the unknown risks created by the wide range of uncertainty in the evolving development of the pandemic. The COVID-19 pandemic is posing an increased risk to the Secretariat staff and operations of the institution. It has highlighted the risk of having GCF staff stranded in countries due to unexpected national lockdowns and/or the closure of international transportation hubs and of unexpected staff absences due to sickness, hospitalization or quarantine, leaving critical functions vulnerable. The Secretariat believes that this experience reinforces both the need for budgetary allowance for more flexible deployment of GCF personnel. At the same time, experiences from COVID-19 and future possible risks suggests the importance of decentralizing some activities to other operational hubs in order to further reduce such risks in the future and improve the resilience of the organization.

84. Similarly, COVID-19 also means a reduction in travel. Accordingly, the proposed 2021 budget includes a 32 per cent reduction in travel expenses based on the assumption that COVID-19 will continue to limit Secretariat travel.

85. Given the status of the USP, the Secretariat work programme and budget is based on the guidance provided by the Board in its decisions and in its initial Strategic Plan. The Secretariat will reassess the 2021 priorities, its budget and its capacity following the Board's adoption of the USP, and will advise the Board on areas that may require additional attention or that may have resourcing implications. As regards the USP, the setting of strategic directions for the GCF is itself a critical enabler for the Secretariat in managing resourcing and potential trade-offs as highlighted above, as it helps from an operational standpoint in identifying critical priorities and mitigates the risk of a loss of focus under which resources are spread too thinly across a multiplicity of priorities.



86. Overall, the proposed budget set out in table 6 below requests an increase of USD 3.4 million or 4.8 per cent, constituting USD 1.4 million for staff costs, USD 1.9 million for non-staff needs and a contingency budget of USD 0.1 million.

Table 6: Secretariat: Proposed administrative budget for the period 2021 (in US dollars)

Code	Budget category/sub-category	2020 approved budget	Proposed 2021 budget	Change in 2021 draft budget over approved 2020	% change
2.1	Salaries and consultants				
2.1.1	Full-time staff	47,297,107	48,716,495	1,419,388	3.0%
2.1.2	Consultancies	2,882,165	3,259,006	376,841	13.1%
	Sub-total	50,179,272	51,975,501	1,796,229	3.6%
2.2	Travel				
2.2.1	Travel	2,769,338	1,809,794	(959,544)	-34.6%
2.2.2	Secretariat staff travel to attend Board meeting	255,000	255,000	-	0.0%
	Sub-total	3,024,338	2,064,794	(959,544)	-31.7%
2.3	Contractual services, general operating, information technology costs				
2.3.1	Office utility costs	288,000	288,000	-	0.0%
2.3.2	Contractual services	7,427,950	9,544,125	2,116,175	28.5%
2.3.3	Other Operating costs	1,172,050	1,026,030	(146,020)	-12.5%
2.3.4	Communication and printing	1,575,000	1,301,200	(273,800)	-17.4%
2.3.5	Information and communication technology	5,579,056	6,169,829	590,773	10.6%
2.3.6	Depreciation	945,267	1,148,000	202,733	21.4%
	Sub-total	16,987,322	19,477,184	2,489,862	14.7%
	Total	70,190,932	73,517,479	3,326,547	4.7%
2.3.7	Contingency	1,403,819	1,500,545	96,726	6.9%
	Grand total	71,594,751*	75,018,024	3,423,273	4.8%

* Via decision B.25/02, the Board approved a contingency budget in amount equal to 2 per cent of the Secretariat budget (USD 1,403,819) thus bring the total administrative budget of the Secretariat to USD 71,594,751.

87. Section 3.5 below provides more background on the aggregate figures provided in many of the budget lines included in the Secretariat budget in table 6 above. Then, section 3.6 undertakes a broad review of the work of each division/office of the Secretariat, and includes tables providing indicative information on the unit-specific funding.

3.5 Aggregate overview of the Secretariat budget items on staffing, consultancy, contractual services and travel

3.5.1 Headcounts and Secretariat staff funding

The full-time staff budget line included in table 3 above assumes that the Secretariat will average 235 staff over the 2021 timeframe. This staffing cost is premised on a steady increase in staff numbers over the course of the year. The staffing costs also incorporate performance awards given to high-performing staff in 2020, impacting the level of funding needed for staff salaries in 2021. As a result of these factors, meeting the 2021 average headcount target of 235

on which this year's budget is based will require an increase in the Secretariat's budget of approximately USD 1.4 million. This constitutes 41 per cent of the requested 2021 budget increase. In order to reach the goal of at least 220 headcount by the end of 2020, we have streamlined and improved the recruitment process, aimed at reducing the average time to fill-time by 30 per cent. We currently have 20 recruitment processes at an advanced stage. The organogram is attached as annex VI to the document.

88. The Secretariat provides a range of support services to the independent units in the areas of human resources, finance, Information and Communication Technology (ICT) procurement, legal support etc. Given the increase in size and operations of the independent units and the complexity of the support needed the strain that servicing them puts on the Secretariat resources is not minor. Under the guidance of the BC, starting in 2020, the Secretariat began a stepwise approach to allocate costs to the Independent units. In line with the stepwise approach, for 2021, the cost allocation to IUs includes, in addition to the ICT cost, the cost for utilities, supplies and depreciation of leasehold improvements and office furniture and equipment. The IUs have included the cost allocation amounts in their respective 2021 budget. Like the Secretariat, the IUs are also budgeting for their own specific/unique requirements for services and ICT equipment. The 2021 cost allocation does not include the cost of staff and consultants working in HR, Finance, Procurement, General Services, ICT, Office of General Counsel (OGC), etc. providing different services to IUs such as payroll, payments processing, budgeting, reporting, procurement services, HR services, ICT related services, travel related services, etc.

3.5.2 Consultancy costs

89. Consultancy costs included in table 6 above relate to the hiring of consultants based in Songdo and consultants who provide services remotely on a call basis. Consultants are used to meet a wide range of needs from operational support to top level senior assistance and are hired to perform specific tasks. In general, they play a critical role in enabling the Secretariat to meet evolving demand for thematic expertise and to address surges in the workload. This flexibility is critical for both the effectiveness and efficiency of the organization. Remote consultants are hired to provide additional expertise in technical areas where the relevant division or office needs niche assistance that cannot be provided by current staff, and/or where the Secretariat has been unable to attract the needed expertise.

90. The 2021 consultants budget includes a modest increase on the basis that the Secretariat will, in 2021, continue to have to deploy more flexible personnel arrangements to cover critical work functions where there are staff gaps, as well as to respond to spikes in workload. Both these eventualities are expected to arise from the ongoing impacts of the COVID-19 pandemic, with the Secretariat's 2020 experience showing that the ability to deploy consultancies has been essential to maintain GCF momentum and avoid significant disruption to key functions due to unexpected staff absences and delays in recruitment and onboarding. While our 2021 budget request for consultants is USD 0.38 million higher than our 2020 request, it should be noted that the proposed 2021 consultants' budget is USD 0.15 million less than what was spent on consultants in 2018. It is also more than offset by a savings in staff cost due to the estimated average staffing of 235 in 2021 compared to the 250 staff target approved by the Board. Finally, the Secretariat believes that if it is able to achieve full staffing to keep pace with the expected increase in the GCF 1 workload, the need for consultants will decrease in the coming years.

3.5.3 Professional services

91. Professional service firms that provide assistance to the Secretariat are budgeted under the line item contractual services. Related assistance supplements the substantive work programme in areas where it is more efficient to hire outside assistance than it is to procure full-time staffing. The process for procuring contractual services with professional firms is rigorous, and always involves a price reasonableness review in relation to deliverables. GCF guarantees value for money of such services at several stages of the procurement process. Financial aspects are only looked at after a thorough and comprehensive review of the technical aspects. We then undertake negotiations with the service providers which includes a review of the terms of reference of the work and the expected deliverables. Once agreed, professional firms work closely with the client division to ensure deliverables agreed are met within the agreed cost. On the procurement of goods, other than the procurement process itself, a technical compliance check is done to ensure value for money on a total cost of ownership basis.

92. The proposed 2021 budget for contractual services is USD 9.5 million. This is an increase of USD 2.1 million or 28.5 per cent compared to the approved 2020 budget. This increase is being proposed as the Secretariat seeks to move towards more long-term efficient solutions to address known areas of supplementary capacity needs, including in relation to augmenting the capacity of the project review cycle to manage increased load with improved response times, ensuring full monitoring of portfolio implementation, delivering enhanced services for developing countries in areas such as translation and knowledge product generation, supporting the Board in developing complex and specialized policy documents, and provisioning for legal services. Specific unit requests for contractual services support are outlined in the unit-specific sections below.

3.5.4 Travel

93. Secretariat travel for 2021 is budgeted at USD 2.1 million, of which USD 1.8 million is projected to support the work programme of the Secretariat and USD 0.25 million is projected for staff members supporting any Board meeting outside of Songdo. This represents a substantial decrease of USD 0.96 million or 31.7 per cent, on the assumption that COVID-19 will continue to substantially limit travel in 2021. The Secretariat will seek to compensate for the reduced ability to travel with increased virtual engagement, including programming dialogues, portfolio monitoring engagement and outreach, until it is possible to resume in-person meetings. Additional support for countries and DAEs through consultancies and professional services is also envisioned as a partial substitute for the enforced decrease in direct Secretariat engagement.

3.5.5 Utility costs and depreciation

94. Utility costs for 2021 are estimated at USD 0.29 million. These comprise utility costs for 11 floors in the headquarters which will be occupied by GCF in 2021. Depreciation of USD 1.1 million includes the annual depreciation/amortization costs for systems developed in 2016–2020 in a number of areas including software and hardware, board room equipment, computer equipment and furniture.

3.5.6 Information and communication technology

95. The 2021 work programme includes a wide range of ICT business initiatives designed to make the Secretariat and the GCF a more responsive and truly digital organization. To that end, during 2021, a large number of GCF systems will undergo an update or revision for strategic realignment, in addition work to further advance key new systems such as the PPMS and CRM.

This work will be undertaken with a view to increasing the efficiency and productivity of the Secretariat and key GCF processes, and facilitating the dynamic use of key information to enable both the Secretariat and the GCF's partners to better plan and implement their work.

96. Subject to capital budget investment and prioritization, the following major initiatives will start their journey in line with GCF's Digital Agenda: 2020–2023:

- (a) Financial Management System;
- (b) Business Process Automation;
- (c) Portfolio Performance Management System;
- (d) Client Relationship Management;
- (e) Risk and Compliance: Appraisal System, Due Diligence, and Compliance and Sustainability management system;
- (f) Staff Performance Management System and Consultant Recruitment System; and
- (g) Extension of the GCF Procurement Management System.

97. The GCF's ICT work is performed by a small core team, supplemented by a high ratio of outsourcing arrangements. The 2021 budget has been created using a zero-based approach. It has benefited from consideration of industry best practices, and has undergone scrutiny by GCF's dedicated internal governance body for ICT.

98. Gartner benchmarking indicates that GCF's 2021 ICT costs are low compared to the averages of national/international governmental organizations with operating budgets similar to that of the GCF – 9.7 per cent of corporate total in GCF versus the industry benchmark figure of 13.9 per cent. Also, the GCF ICT staffing ratio of 4.0 per cent is less than the industry benchmark of 8.2 per cent.

3.5.7 Other GCF operating costs

99. Items under this cost category include funding for the 3rd annual GCF Private Investment for Climate Conference, office maintenance costs, office supplies, International SOS, insurance, bank charges, in-house workshops, security services, and the provision of air purifiers.

3.5.8 Contingency

100. The budget also includes a contingency line which the Secretariat believes is critical to enabling it to effectively respond to both the mounting COVID-19 related demands for adaptive actions, and the unknown risks created by the wide range of uncertainty in the evolving development of the pandemic. As a first priority, the Secretariat must be in a position to ensure the safety and well-being of its staff, and a modest contingency budget would help position the Secretariat to take any quick, decisive action that may be needed to fulfil this fundamental obligation. This may include resources needed to adapt our working environment to meet evolving safety requirements and unforeseen changes to the current definition of "the new normal." Beyond this critical need, the GCF must be in a position to ensure continued effective communications with its partners and overall business continuity in an uncertain, evolving environment that strains the capacity of both conventional wisdom and forecasting tools to predict. In that regard, the Secretariat should be in a position to respond quickly to financial and operational risk that might require urgent action. Finally, COVID-19 has reinforced the importance of making contingencies for "black swan" events, and given the GCF's global reach and importance, the Secretariat believes that a contingency budget should be a regular feature

of the GCF budgetary system. An amount of USD 1.5 million is budgeted under the contingency budget, which is less than 2 per cent of the total administrative budget of the GCF.

3.6 Office and Division-specific work and budget-related information

101. As noted above, this section of the budget includes indicative allocations of 2021 funds for each of the Secretariat divisions and offices. Specifically, these unit breakout sections provide indicative projections for the level of staff, consultancies, travel and contractual services that are required to support the operation of the Secretariat for 2021. The common cost figures in those sections mainly consist of: ICT, utility, and other operating costs; depreciation; professional services costs related to the communities of practice; and, knowledge management costs. The staffing number is used as the driver to allocate the common costs among the divisions/ offices of the Secretariat. All of these figures are based on the Secretariat's current view, and are provided with an understanding that the actual distributions are very likely to shift during the year as evolving needs are better understood.

3.6.1 Office of the Executive Director

102. The OED is responsible for overall management of the Secretariat. This includes strategic leadership and direction-setting in policy and planning, hiring and budgeting, operations and programming, and establishing and advancing relationships with GCF stakeholders. OED manages these and other key functions through its Executive Director and its Deputy Executive Director, through its leadership of Secretariat committees on operations, policies and investments, and through a SMT made up of the directors or heads of its offices and divisions. OED coordinates policy and strategy, as well as knowledge and change management. OED has oversight on the implementation of operational priorities as well as managing accreditation and entity relations. OED also includes an ethics function. In 2021 OED expects to have a significant focus on ensuring the GCF is equipped with the organizational capabilities to deliver GCF-1 programming ambitions, through aligned corporate planning, execution of redesigned business processes, advancing digitalization and investment in a collaborative, performance- and knowledge- oriented culture.

103. *Key 2021 work programme deliverables:*

- (a) Drive implementation of the 2021 work programme and accountability for results, including through alignment of strategic planning with unit and individual staff performance frameworks;
- (b) Lead organizational development efforts to ensure that the Secretariat remains fit-for-purpose with the capabilities to deliver GCF-1 programming ambitions;
- (c) Foster a culture of collaboration, respect and innovation within the Secretariat;
- (d) Represent the Secretariat globally;
- (e) Lead cross-Secretariat initiatives on strategic pipeline review, policy development, business planning, and knowledge and change management;
- (f) Oversee efforts to implement redesigned business processes for improved efficiency and effectiveness with ongoing performance monitoring;
- (g) Support the Board's development of an accreditation strategy, progress 15 applicants for accreditation/reaccreditation, and coordinate partnerships with international accredited entities; and



- (h) Ensure corporate preparedness in response to COVID-19 and other threats to personnel safety and business continuity.

Table 7: Overview of 2021 Office of the Executive Director staffing and budget (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Contractual services*	Common services	Total
16	4,055,056	324,165	174,091	600,000	1,104,331	6,257,643

* The OED contractual services budget is primarily related to the AE management activities.

3.6.2. Division of Country Programming

104. The overall objective of the Division of Country Programming (DCP) is to support developing countries, including their direct access entities, to plan, identify, design and implement country-driven, transformational climate investments in line with their NDCs, NAPs and other national climate strategies. This entails supporting origination of country-driven and transformational project pipelines through the development of country programmes and aligned entity work programmes, and from these, GCF-aligned project concepts. DCP manages the Readiness and Preparatory Support Programme and the PPF, which provide key tools for developing countries to undertake adaptation planning, prepare investment plans for the GCF and develop project ideas into concept notes and funding proposals. DCP has a particular focus on promoting the direct access modality through coordination of capacity-building, programming engagement and project development support. It also manages the SAP and EDA programmes.

105. *Key 2021 work programme deliverables:*

- (a) Receive and review 30 country programmes and work with NDAs and AEs to match country priorities with AE programming; receive three regional DAE work programmes and ensure consistency with country priorities;
- (b) Support origination of country-driven and transformational projects/ programmes from developing countries and DAEs, by deploying technical assistance, Readiness and PPF support to translate promising project concepts into strong concept notes and funding proposals for the GCF;
- (c) Engage with developing countries to develop, review and approve Readiness proposals for 141 countries, including for adaptation planning, and assist countries with rapid readiness support grants to aide their climate-resilient recovery efforts;
- (d) Develop a revised Readiness Strategy and Work Programme for 2022–2023, and a PPF Strategy, building on lessons learned from Secretariat experience and taking into account the recommendations of the IEU review;
- (e) Expand deployment of the PPF, through approval of 12 PPF applications, eight of which will support DAEs, and initiating more flexible modalities for delivering project development technical assistance to DAEs on-demand;
- (f) Contribute to the review of concept notes and funding proposals;
- (g) Lead a multi-pronged initiative to strengthen capacity for increased DAE programming, including support for DAE accreditation and capacity-building, programming dialogues and training, directed deployment of Readiness and PPF to support DAE pipelines;
- (h) Deliver six NDA webinar trainings in different languages, and digitize NDA training materials for improved access;



- (i) Operationalize improvements to the SAP, including: use of external review to bring up to five additional SAP projects to the Board in 2021; development of a results-based management system, SAP FP appraisal toolkit and SAP-specific post-approval guidance; and work to implement any updated SAP policy approved by the Board;
- (j) Take account of findings and recommendations from the IEU review of RFPs in charting a path forward for the EDA RFP; and
- (k) Develop and update knowledge products for PPF, SAP and EDA, including e-learning, technical guidelines, webinars and training events.

Table 8: Overview of 2021 Division of Country Programming staffing, and DCP non-readiness budget information (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
33	6,368,271	179,268	218,499	181,000	2,277,685	9,224,723

3.6.3. Division of Mitigation and Adaptation

106. The Division of Mitigation and Adaptation (DMA) provides core technical and sectoral expertise across all eight mitigation and adaptation results areas for both public and private sector concept notes and funding proposals. The Division leads the technical review of public sector concept notes and funding proposals, assists NDAs and AEs in the development and structuring of projects to turn GCF-aligned concepts into bankable projects/programmes, and plays a critical role in finalizing the FAAs following project approval to enable projects to start implementation. For financial structuring, DMA relies on PSF for expertise. DMA leads the preparation of GCF sector guidance, which provides information on how developing countries and accredited entities can design and carry out transformational climate change projects in different sectors and sub-sectors as relevant to their national priorities. In addition, DMA is responsible for managing the GCF REDD-plus pilot programme. Finally, it also carries out technical reviews of and provides input for relevant sector-specific Readiness, PPF applications and draft country and EWPs.

107. *Key 2021 work programme deliverables:*

- (a) Submit at least 33 funding proposals for Board approval with USD 1.0 to 1.3 billion allocated from the GCF, including at least 3 from DAEs;
- (b) In collaboration with ORMC, support the finalization and use of sector guidance by stakeholders wishing to pursue related opportunities; develop subsector guidance and deeper technical annexes, and support the preparation and delivery of relevant deep-dive strategic dialogues and accompanying training materials/tools/knowledge products;
- (c) Support the organization of and participate in at least five strategic programming sectoral events aimed at supporting the development of country-driven, GCF-aligned project proposals and programmes aligned with the ambition of GCF-1;
- (d) Ensure quality control by providing technical expertise across all eight mitigation and adaptation result areas to help partners develop well-calibrated, optimally structured and financed, high-quality transformative initiatives;
- (e) Provide feedback on up to 300 concept notes and 150 funding proposals, with significantly improved turnaround times; and



- (f) Launch the REDD-plus RBP continuation programme (pending Board approval).

Table 9: Overview of 2021 Division of Mitigation and Adaptation staffing and budget (in United States dollars)

Projected average staff headcount during 2021	Estimated staff cost	Consultants*	Projected travel	Contractual services	Common services	Total
30	6,520,629	446,487	235,010	150,000	2,070,623	9,422,749

* Related costs among others also includes specialized support in REDD+ matters through individual consultants, post-approval work of the funding proposals.

3.6.4. Division of Private Sector Facility

108. The PSF seeks to catalyse private sector low-emission climate-resilient investment in the eight GCF results areas. The PSF contributes to the objectives of the GCF and priority-setting for private sector engagement and supports the financial structuring of public sector work through its five practice areas: financial institutions, project finance, climate funds, climate markets and innovation, technology and co-funding. Working with AEs, PSF partners with an expanding range of private and public financial institutions, using the GCF's range of financial instruments to mobilize private and institutional funding for investments that support climate impact in developing countries, particularly through supporting the development and structuring of bankable projects/programmes. The PSF's approach builds on initiatives through the Readiness Programme to map national climate finance gaps and opportunities and enable developing countries and their private sector entities to better understand how to access the GCF. PSF relies on the sectoral expertise of DMA and like DMA, its business model is to work with AEs to move GCF-aligned concepts into bankable project proposals.

109. *Key 2021 work programme deliverables:*

- (a) Submit at least 12 funding proposals for Board approval with USD 750–880 million allocated from the GCF, including at least 4 from DAEs;
- (b) Organize the 2021 Private Investment for Climate Conference and develop knowledge products to support effective private sector engagement in developing countries;
- (c) Accelerate signing of private sector AMAs;
- (d) Engage in programming dialogues and strategic programming missions with AE partners aimed at supporting the development of country-driven, GCF-aligned project proposals and building a diversified private sector pipeline;
- (e) Increase efforts to demonstrate business models and catalyse private finance in more of the eight GCF result areas, informed by GCF sectoral guidance, including in the adaptation results and transition areas;
- (f) Sign at least 8 FAAs with a view to bring at least 80 per cent of all proposals under implementation (cumulative);
- (g) Secure a minimum cumulative disbursement of USD 650 million;
- (h) Execute a private sector engagement strategy which pinpoints opportunities and targeted ways to build programming partnerships, strategic investment partnerships and engage local private sector actors;
- (i) Formalize new partnerships with financial institutions that set climate finance targets; and promote the green bank model;



- (j) Strengthen relationships with institutional investors, including pension funds, sovereign wealth funds, insurance companies, endowments, philanthropic investors and foundations;
- (k) Propose next steps for new funding vehicles to enhance private sector capital flows, including consistent with the Technology Mechanism of the UNFCCC; and
- (l) Develop and implement at least one proposal for new private sector modalities, to support local currency lending, guarantees or early stage incubation.

Table 10: Overview of 2021 Private Sector Facility staffing and budget (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Contractual services*	Common services	Total
21	4,284,407	380,600	190,770	542,350	1,449,436	6,847,563

*Costs primarily related to the Global Private Investment Conference

3.6.5. Office of Portfolio Management

110. The mission of Office of Portfolio Management (OPM) is to ensure that GCF programmes are delivered on time, on scope and on budget, and that the GCF learns from the experience to improve results delivery over time. This function is implemented through three primary workstreams. First, the OPM Quality Assurance and Monitoring and Evaluation Team works to ensure that proposals, AMAs, FAAs, and framework and general agreements include provisions to enable effective oversight. That team also ensures that impact estimates are sound and measurable. Second, the OPM Portfolio Implementation Monitoring and Management Team oversees and monitors the implementation of projects and readiness grants by AEs/delivery partners to ensure compliance with GCF requirements and project specific terms and conditions. It also facilitates the adaptive management of projects and grants to resolve identified problems and improve execution in line with GCF objectives. Finally, the OPM results and data management workstream supports the design and operationalization of an integrated GCF-level results architecture and enhanced performance standards, while building portfolio data governance in the Secretariat.

111. *Key 2021 work programme deliverables:*

- (a) Review all funding proposals and their logical frameworks, as well as AMAs, FAAs, and framework and general agreements, to ensure they include clear provisions with respect to theory of change, measurement of impact (including emissions reductions), implementation time frames and arrangements, project indicators, and reporting and evaluation modalities to enable them to be effectively monitored and implemented;
- (b) Generate technical guidance, templates and toolkits to guide internal and external stakeholders on the IRMF (upon Board approval) and/or in proposal development to improve understanding of GCF requirements on quality of submissions and results projections and measurement;
- (c) Deliver training, webinars and clinics for internal & external stakeholders to strengthen projects/programme implementation capacity and effective reporting;
- (d) Implement streamlined, optimized and, where possible, automated portfolio management processes to enable proactive identification and mitigation of risks and potential adverse impacts during origination, and quick and effective action to facilitate effective implementation, including through the rollout of the PPMS;



- (e) Strengthen monitoring of funded activity and Readiness progress and results by ramping up the Secretariat’s capacity to review interim and final progress reporting and evaluations, and enhancing data and portfolio analytics;
- (f) Provide consolidated portfolio status and performance reports to the Board as well as periodic portfolio performance analysis for Senior Management, and prepare quarterly updates on adaptive measures to mitigate COVID-19 impacts on the GCF portfolio; and
- (g) Generate at least two knowledge products to capture lessons learned from portfolio and readiness implementation, including analytical reports on GCF performance, how-to guides and publications on lessons learned.

Table 11: Overview of 2021 Office of Portfolio Management staffing and budget (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
17	3,712,099	204,410	41,680	511,723	1,173,353	5,643,265

3.6.6. Office of Risk Management and Compliance

112. The mission of the Office of Risk Management and Compliance (ORMC) is to create and manage comprehensive risk, compliance and safeguarding frameworks, using best practices to execute fiduciary responsibilities and to anticipate, identify, prioritize, monitor and manage the portfolio of business risks impacting the GCF. ORMC is responsible for the development and implementation of the GCF risk management framework as well as GCF policies relating to investment, compliance and safeguarding, including on ESS, gender and indigenous peoples. In addition, ORMC manages the secondary due diligence review of funding proposals, assessing alignment of project proposals with the GCF’s investment criteria and likelihood of project success, and ensuring projects are within risk tolerances and comply with ESS safeguards; related work is firewalled from project development activities.

113. *Key 2021 work programme deliverables:*

- (a) Review and provide feedback on concept notes, funding proposals, Readiness proposals, PPF proposals, country programmes and EWPs to ensure the fulfilment of and compliance with the GCF’s risk framework, integrity and ESS, Indigenous People and Gender Policy standards and requirements;
- (b) Complete second level due diligence appraisal of funding proposals prior to submission to the independent TAP;
- (c) Finalize the sector guides and develop a Project Assessment Manual and further develop tools to inform project appraisal, including a project success rating tool and Investment Criteria Scorecards version 2.5;
- (d) Ensure ESS, Indigenous People and Gender Policy standards and requirements are adhered to in projects and other operations of the GCF;
- (e) Review the risk management framework components I-VII (Risk Register, Risk Appetite, Risk Dashboard, Risk Guidelines for FPs, Funding, Investment, and Non-Investment policies);
- (f) Lead ongoing development and reviews of the investment framework policies;



- (g) Continue development and operationalization of GCF’s own ESS, Gender Policy and Action Plan and Indigenous Peoples Policy including the establishment of the Indigenous Peoples Advisory Group (IPAG);
- (h) Work with the IIU and other Secretariat units to implement the updated SEAH policy and process necessary changes to other policies to align with SEAH requirements;
- (i) Continue operationalizing the Compliance risk policy, including through enhanced due diligence in cases of sanction violations and other breaches of GCF policies;
- (j) Work with the IIU on the development and implementation of standard operating procedures under the Anti-Money Laundering and Countering the Financing of Terrorism Policy and Standards;
- (k) Support capacity-building and training of GCF staff and AEs to meet relevant risk, investment, integrity and safeguarding policy requirements;
- (l) Procure and implement an ORMC management system and automatization of Sustainability, Risk and Compliance assessments; and
- (m) Develop an institutional risk framework and publish the quarterly Executive Risk Dashboard to provide a snapshot of key risks to GCF operations and portfolio.

Table 12: Overview of 2021 Office of Risk Management and Compliance staffing and budget (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Contractual services*	Common services	Total
22	4,753,822	162,261	45,909	1,070,800	1,518,457	7,551,249

*ORMC contractual services are projected to support risk management framework, risk control self- assessment conducting compliance risk assessments, sector appraisal systems, developing review systems etc.

3.6.7. Office of General Counsel

114. The Office of General Counsel (OGC) provides vital cross-cutting legal support across the full spectrum of GCF matters, including administrative, human resource, procurement, institutional, compliance, operational and reputational issues. It also plays a critical role in cross-divisional teams aimed at developing rules and procedures for the operations of the GCF. It assists in developing Board policies, negotiating agreements and amendments to such agreements, and verifying the conditions necessary to initiate disbursements and the implementation of approved projects, including for readiness and PPF. Finally, the OGC supports the Board, as well as the independent accountability units, advising on legal issues as they arise. As the GCF has grown, so has associated demand for legal support across these functions. As a consequence, the work of OGC is supplemented through the use of procured legal professional services, particularly in respect of specialized areas such as complex project structure, sanctions, intellectual property matters and data protection.

115. Key 2021 Work programme deliverables

- (a) Support the accelerated implementation of projects, by negotiating and signing of 16 AMAs and 28 FAAs;
- (b) Provide legal review and negotiation and approval of terms sheets for the 39 regular funding proposals and 6–11 SAPs targeted for Board submission in 2021;
- (c) Provide legal support on project restructurings, amendments and waivers;



- (d) Negotiate and sign legal agreements to facilitate expedited delivery of Readiness, NAP/adaptation planning and PPF projects, and organization of structured dialogues;
- (e) Review contractual relationships and rework approximately 500 contracts to include relevant provisions of the SEAH and Prohibited Practices Policy on a good faith basis as called for by the Board;
- (f) Deliver three (3) additional privileges and immunities agreements in 2021 under the traditional method and pursue a multilateral approach by engaging with the United Nations for a potential institutional link;
- (g) Prepare matters for the Appeals Committee to resolve regarding internal issues among staff, and defend subsequent cases brought by staff members to the International Labour Organization Administrative Tribunal; and
- (h) Support legal aspects of the Board’s workload, including organization, operational and institutional policy development, decision-making, replenishment and trustee-related matters.

Table 13: Overview of 2021 Office of General Counsel staffing and budget (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
15	3,375,129	421,885	91,420	939,275	1,035,311	5,863,020

3.6.8. Office of Governance Affairs

116. The overall objective of the OGA is to provide effective support across the governance structure of the GCF to set a solid framework for GCF operations. Key elements of GCF governance include the Board’s decision-making process; Board relationship management including the arrangements between the GCF and the COP; the relationship of the GCF with other funds; the policies on information disclosure and participation of observer organizations; and addressing governance-related matters. OGA also plays a key role in ensuring the observance of the principles of good governance across the organization, including accountability, transparency, decision-making and inclusiveness. Finally, OGA plays a role in enhancing the understanding of GCF mandates, policies and rules, and in ensuring a smooth relationship between actors involved in its governance in accordance with the GCF GI.

117. *Key 2021 work programme deliverables:*

- (a) Lead the delivery of three Board meetings and associated informal sessions, supporting timely development of agendas and documentation;
- (b) Support the Co-Chairs to enhance the effectiveness of intersessional consultations and work in an open, inclusive, consultative and transparent manner, per decision B.23/03;
- (c) Deliver onboarding for new Board members and Co-Chairs and support in elaborating strategies for Board engagement;
- (d) Support the Board in addressing COP guidance, including the implementation of mandates related to linkages with the Technology Mechanism of the UNFCCC and advancing technology-related matters;
- (e) Prepare the draft of the report of the GCF to the COP;
- (f) Engage in COP 26 and key meetings of the constituted bodies of the UNFCCC to advance substantive issues of COP guidance, including collaboration on loss and damage;



- (g) Further the joint workplan with the UNFCCC secretariat;
- (h) Organize the annual dialogue with climate finance delivery channels and a stakeholder workshop to highlight lessons learned on complementarity and coherence;
- (i) Advance work on complementarity and coherence including the “coordinated engagement” initiative launched in Viet Nam in 2018, piloting the scaling up approach for Adaptation Fund projects and collaboration on DAE support;
- (j) Review the Information Disclosure Policy, including the disclosure of ESS reports and the live webcasting of formal meetings of the Board;
- (k) Commence the review of the guidelines relating to observer participation, accreditation of observer organizations and participation of active observers; and
- (l) Implement any Board decision on the ongoing review of the effectiveness of committees established by the Board and the Private Sector Advisory Group.

Table 14: Overview of 2021 Office of Governance Affairs staffing and budget (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
14	2,766,823	215,325	120,345	97,000	966,291	4,165,784

3.6.9. Division of External Affairs

118. The mission of Division of External Affairs (DEA) is to promote the strategic positioning of GCF as a key actor on transformative climate action by driving a compelling narrative for the Fund, fostering partnerships and external engagement, and securing sufficient resources for the GCF to deliver its mandate. GCF is a partnerships institution and its capacity to develop and nurture strategic partnerships is key to its performance. DEA operates through three teams – communications, partnerships and resource mobilization – whose efforts are focused through delivery of a GCF Communications Strategy, Partnership Strategy and Resource Mobilization Plan.

119. *Key 2021 work programme deliverables:*

- (a) Showcase GCF's effectiveness and achievements with compelling, evidence-based communications, project or beneficiary profiles, and storytelling in traditional, social and digital media engagements in different languages;
- (b) Enhance GCF's brand image, visibility and credibility through branding exercises, dissemination of corporate messages and media content development;
- (c) Implement the GCF Partnerships roadmap and related action plans, including by promoting a collaborative partnership culture within the GCF, undertaking stakeholder mapping, and developing tools such as a CRM to support partnership management;
- (d) Promote strategic positioning of the GCF in the climate landscape through outreach, advocacy and engagement with key global leaders, networks and inter-governmental processes, and enhancing GCF visibility in key forums and events;
- (e) Develop and implement targeted outreach and engagement plans with key partner groups, including sovereign entities, subnationals, private sector and civil society;
- (f) Continue resource mobilization efforts for the GCF-1 replenishment;



- (g) Work to ensure conversion of new and remaining existing pledges into contribution agreements to secure and manage commitment authority;
- (h) Develop a policy for contributions from philanthropic foundations and other alternative sources for Board consideration; and
- (i) Develop concise reporting products on GCF results and performance.

Table 15: Overview of 2021 Division of External Affairs staffing and budget (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Communications cost	Common services	Total
16	3,586,351	187,460	97,051	1,301,200	1,104,332	6,276,394

3.6.10. Division of Support Services

120. The Division of Support Services (DSS) provides a range of corporate services that are critical to enabling the GCF to carry out its daily activities with efficiency and financial integrity. These include financial management, administration, ICT, procurement, event and travel management and the treasury function. The DSS team also works in conjunction and coordination with other operational units to provide critical support to a full range of project cycle activities, including negotiating AMAs and FAAs; reviewing funding proposals, Readiness, PPF and SAP; contributing to monitoring performance reports and project disbursements; and supporting the preparation and implementation of GCF policies. The demands for DSS services continue to grow in line with the expanding needs of the GCF, including advancing the GCF's digital transformation, increase in project implementation and ensuring a safe and healthy staff working environment.

121. *Key 2021 work programme deliverables:*

- (a) Review funding proposals to ensure submitted projects demonstrate adequate financial management capacity and highlight any financial management or procurement issues;
- (b) Support project and readiness approvals and implementation by performing timely review of financial clauses of Term Sheets, AMAs and FAAs and assessing financial performance reporting such as APR, readiness reports and semi-annual reports, audit reports etc as well as thorough review of procurement matters;
- (c) Coordinate the annual external audit of Financial Statements to provide assurance to its stakeholders including the contributors;
- (d) Prepare the 2022 Administrative Budget, monitor the execution of the 2021 budget and provide timely execution reports to support decision-making;
- (e) Work with the Board and committees to find ways to minimize the impact of the currency fluctuations;
- (f) Implement the revised Corporate Procurement Guidelines setting out streamlined and enhanced procurement processes and revised regulations on management of individual consultants, and establish long-term agreements for increased efficiency;
- (g) Collaborate with other units in the planning and delivery of GCF events in line with the Events Management Guidelines;



- (h) Drive the digital transformation in GCF business operations through advancing the creation of a digital workplace; digitalizing business operations; data-driven GCF and digitalizing collaboration and confidential and trustworthy means of engagement; and
- (i) Ensure personnel safety and duty of care through implementing a new and expanded safety, security and business continuity plan and maintaining a safe and healthy working environment.

Table 16: Overview of 2021 Division of Support Services staffing and budget (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Contractual services*	Common services	Total
40	6,940,490	370,115	50,657	314,000	2,760,830	10,436,092

*In 2020, DSS budget included Office of Human Resources (OHR) budget (8 headcount, 90k for consultants, 14k for travel and 250k for professional services. The OHR budget is now broken out separately as included below.)

3.6.11. Office of Human Resources

122. The objective of the Office of Human Resources (OHR) is to provide programs and activities designed to attract, develop, retain and deploy world-class talent, in order to enable GCF to effectively deliver GCF-1 goals. To this end, OHR provides recruitment and onboarding services to attract talent, supports the performance management and development of staff, facilitates the administration of compensation and benefits as set out in the Administrative Guidelines on Human Resources, provides guidance and advice on work relations and manages special talent programs and partnerships. Following the GCF's rapid early workforce growth, and as GCF matures, the OHR is focused on aligning capacity requirements based on expected increases in workload and efficiencies to ensure that the GCF has a talented, diverse, value-based workforce to deliver on its mandate. OHR also plays a key role in fostering GCF corporate values, through developing and nurturing all employees to create a high-performance collaborative culture, increase employee satisfaction and consolidate a values-centred corporate culture.

123. *Key 2021 work programme deliverables:*

- (a) Consolidate a corporate culture centred in GCF's Values and improve the work environment through effective onboarding, internal communication and increased collaboration;
- (b) Complete the capacity-building needed to function efficiently and effectively;
- (c) Evaluate and redesign the performance management system (process and tools), that will allow the GCF to consolidate the institutional alignment approach and foster a high-performance collaborative culture;
- (d) Present for approval a new policy framework for people management, including an updated the HR legal framework, Code of Conduct and salary structure that will reflect better the identity and characteristics of GCF; and
- (e) Streamline and automate the people management and organizational design processes for greater efficiency, employee satisfaction and data-driven decisions.



Table 17: Overview of 2021 Office of Human Resources staffing and budget (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Contractual services*	Common services	Total
7	1,231,049	100,910	28,774	388,265	483,145	2,232,143

*In 2020 Board approval, OHR costs were included with DSS budget.

3.6.12. Office of the Internal Auditor

124. The Office of the Internal Auditor (OIA) function is designed to help management maintain operational efficiency and effectiveness and operational and financial reliability, and to anticipate and prevent related issues from arising. OIA is positioned to engage with every Secretariat division and office as a partner and colleague to try and make sure that the Secretariat is performing as it should. This work provides important assurance to the Secretariat's executive office that the Secretariat's processes are robust and the resulting products are sound. To that end, OIA undertakes assurance and advisory engagements with a view to evaluate and improve the effectiveness of the organization's risk management, control and governance process. Due to the impacts of COVID-19 on OIA's risk-based four-year internal audit plan, OIA will perform a complete risk-based assessment at the end of 2020 to identify the audits and reviews to be performed in the rest of GCF-1. OIA will also follow up the results of recommendations made in its audits to date and may perform ad hoc audits or reviews and/or advisory engagements at the request of the GCF Executive Director.

125. *Key 2021 work programme deliverables:*

- (a) Update and maintain a risk-based workplan for 2021–2023;
- (b) Perform at least five audits as planned, and ad hoc engagements as requested;
- (c) Follow up on management action plans to address previous audits, reviews, and other evaluations; and
- (d) Undertake external quality assurance review.

Table 18: Overview of 2021 Office of the Internal Auditor Staffing and Budget (in United States dollars)

Projected average staff headcount in 2021	Estimated staff cost	Consultants	Projected travel	Professional services	Common services	Total
4	722,876	30,120	15,770	52,550	276,083	1,097,399



3.6.14. **GCF Trustee (World Bank) Workplan and Estimated costs for CY 2021 (as submitted by the Trustee)**

Table 19: Estimated Costs

GCF Trustee: Administrative Budget 1 January - 31 December 2021 (in United States dollars)				
	Board Approved Budget (January 1, 2020 - December 31, 2020) A	Estimated 2021 Budget (January 1, 2021 - December 31, 2021) B	Change (2021- 2020) B - A	
1. Financial and programme management				
1.1 Staff costs and expenses	566,000	939,000	373,000	66%
1.2 Travel	48,000	22,000	(26,000)	-54%
Sub-total: Financial and programme management	614,000	961,000	347,000	57%
2. Investment Management	2,115,000	2,610,000	495,000	23%
3. Accounting and reporting	57,000	83,000	26,000	46%
4. Legal services				
4.1 Staff costs and expenses	83,000	102,000	19,000	23%
4.2 Travel	12,000	-	(12,000)	-100%
Sub-total: Legal services	95,000	102,000	7,000	7%
Total: Trustee	2,881,000	3,756,000	875,000	30%

Trustee Workplan Description

126. The World Bank as Trustee provides a range of services for Green Climate Fund (GCF) as defined in the Terms and Conditions for the Administration of the GCF Trust Fund. The administrative budget for the trustee services provided to GCF is presented in four categories: Financial and Programme Management, Investment Management, Accounting and Reporting and Legal Services.

127. As part of the World Bank's requirements to ensure full cost recovery while assuring high-quality trustee services for all Financial Intermediary Funds (FIFs), a revised methodology was established to determine trustee administrative budgets for financial and programme management, accounting and reporting and legal services from fiscal year 2021. The revised methodology standardizes the budget for FIFs of similar size and receiving similar scope of services. GCF falls within the category of FIFs receiving standard trustee services. Subsequent annual administrative budget proposals will be adjusted should there be a change in the size of the GCF Trust Fund or scope of services provided by the Trustee. The trustee will continue to present budgets for FIF Governing body approval as per established process. The investment management fee for the World Bank's portfolio of FIFs will continue to be 4.5 basis points

(0.045 per cent) on the average annual liquidity balance of the FIF. The estimated investment management fee will be subject to adjustment for actual costs at the end of the period.

128. Accordingly, the overall trustee fee is higher in 2021 reflecting the changes in the pricing approach for trustee services expected to be provided during 2021. **Financial and Programme Management:** This fee covers processes and procedures relating to all aspects of financial transactions; management and processing of contributions, including negotiation and execution with contributors, all banking, foreign exchange, payment requests and acknowledgements; executing cash transfers to recipients; regular financial reporting. It also includes responding to day-to-day enquiries from the Secretariat, Contributors and other GCF constituencies and stakeholders. It also includes costs for IT systems development and customization required to accommodate specific GCF transactions and reporting needs.

129. **Investment Management:** Costs for CY2021 are calculated based on 0.045 per cent (4.5 basis points) of the estimated average annual undisbursed balance in the GCF Trust Fund. For the purpose of the budget estimate for CY2021, an average annual balance of USD 5.8 billion is assumed, based on information provided by the GCF Secretariat. The actual fee will depend on the actual average balances in the GCF Trust Fund, which may be higher or lower than this estimate depending on timing of receipt of cash contributions, GCF requests for cash transfers, etc.

130. **Accounting and Reporting:** This includes maintenance of appropriate records and accounts to identify contributions and other receipts and GCF Trust Fund liabilities, clearing agreements prior to execution, etc.

131. **Legal Services:** This includes preparing and negotiating contribution agreements/arrangements with contributors, providing policy advice, legal review of financial documents and other agreements and arrangements as required.

Annex III: Output-based budget

Context for the consideration on an output-based budget

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

GCF Administrative budget context

4. Over the past three years the Secretariat has taken significant steps to integrate its work, and few if any of its activities are now undertaken in unit-specific silos. Thus, while the Secretariat has a specific unit called the Division of Support Services, that name may be somewhat misleading; the interdependency of all of the Secretariat's units in the execution of its work means that any unit in the Secretariat can now be considered to be a support services unit. While this integration brings great efficiencies, it makes it more difficult to attribute specific outcomes to specific units and specific budgets.
5. The 2021 output-based budget approach reflects the same approach used for the first time in 2020. In this context, it is important to note that almost than 65 per cent of the 2021 Secretariat's administrative budget is allocated to staff costs. The Staff and consultant costs, professional services and the communication budget account for about 84 per cent of the 2021 Secretariat budget. While attributing costs to the Secretariat's six 2021 priorities, a number of important assumptions were made, e.g. on how much staff time will be used to accomplish a certain output, how much professional services firm time will be contributing to which of the outputs etc. The Secretariat has used estimates to derive related figures. In that regard, it is worth mentioning that a more formalized output-based budgeting system would require an enhanced accounting system that could continuously monitor costs in line with the performance objectives. It would take a significant future investment to put in place an accounting and reporting system that would be able to undertake related tasks.



6. As noted above, most of the GCF’s key outputs (be they projects submitted/ implemented or policies approved) are not within the sole control of the Secretariat. These and other factors make the application of an output-based framework to our administrative budget a difficult and imprecise undertaking. The Secretariat will continue to monitor progress and work towards improving the usefulness of the information presented here.

7. In consultation with the BC, this 2021 effort towards output-based budgeting uses the broad 2021 work programme priorities/goals as a structural framework for providing an indicative illustration of the level of funding that is going to different broad workstreams of the Secretariat’s work. In that framework, and as outlined below, different workstreams have been associated with the six broad priorities that have been included in the 2021 work programme, and efforts have been made to attribute staff time and other budget components (contractual services, consultants and travel) to those priorities. Output-based budgets are formulated based on management’s assessment of outputs of various divisions.

Table 1: Output-based budget summary

Priority Description	Budgeted amount (in USD)
01- Origination of country-driven paradigm-shifting investments	11,132,006
02- Project development and appraisal to build an impactful GCF portfolio	13,871,762
03- Management of portfolio implementation for results and knowledge	10,626,461
04- Supporting the Board and helping to advance consolidation of the GCF’s policy and governance framework	9,489,505
05- Facilitating access and accelerating implementation by Improving process efficiency, effectiveness, transparency and speed of delivery	10,783,564
06- Fostering a high-performance collaborative culture and consolidating institutional capacities and oversight	19,114,726
Total	75,018,024



Table 2: Output-based budget details

Priority Description	Budgeted amount (in USD)
01- Origination of country-driven paradigm-shifting investments	11,132,006
Full-time Staff	7,239,337
Consultants	397,036
Travel	484,016
Professional Services	1,172,131
Other Operating Costs	1,839,486
02- Project development and appraisal to build an impactful GCF portfolio	13,871,762
Full-time Staff	9,272,854
Consultants	611,778
Travel	241,844
Professional Services	2,021,973
Other Operating Costs	1,723,313
03- Management of portfolio implementation for results and knowledge	10,626,461
Full-time Staff	6,600,624
Consultants	790,179
Travel	123,141
Professional Services	1,850,940
Other Operating Costs	1,261,577
04- Supporting the Board and helping to advance consolidation of the GCF's policy and governance framework	9,489,505
Full-time Staff	6,482,221
Consultants	432,447
Travel	335,109
Professional Services	1,007,465
Other Operating Costs	1,232,263
05- Facilitating access and accelerating implementation by Improving process efficiency, effectiveness, transparency and speed of delivery	10,783,564
Full-time Staff	6,456,150
Consultants	266,405
Travel	281,444
Professional Services	972,188



Priority Description	Budgeted amount (in USD)
Other Operating Costs	2,807,377
06- Fostering a high-performance collaborative culture and consolidating institutional capacities and oversight	19,114,726
Full-time Staff	12,665,307
Consultants	761,161
Travel	599,239
Professional Services	2,519,430
Other Operating Costs	2,569,589
Grand Total	75,018,024



Annex IV: Total administrative budget including independent units

		2020 approved budget	Proposed 2021 budget	Change in 2021 draft budget over approved 2020	% change
1	Board	4,012,520 ^a	4,756,436	743,916	18.5%
2	Secretariat	71,594,751 ^b	75,018,024	3,423,273	4.8%
3	Trustee	2,881,000	3,756,000	875,000	30.4%
4	Independent Units				
	Independent Redress Mechanism Unit	1,321,238	1,395,471	74,233	5.6%
	Independent Integrity Unit	2,638,044	2,796,393	158,349	6%
	Independent Evaluation Unit	5,581,985	5,912,573	330,588	5.9%
	Grand total	88,029,538	93,634,897	5,605,359	6.4%

^a USD 3,673,720 approved via decision B.24/05 and USD 338, 800 approved by the Board by decision B.25/09 thus bringing the total administrative budget for the Board for 2020 to USD 4,012,520

^b Via decision B.25/02, the Board approved a contingency budget in amount equal to 2 per cent of the Secretariat budget (USD 1,403,819) thus bring the total administrative budget of the Secretariat to USD 71,594,751

Annex V: 2021 Secretariat Work Programme Results Framework

KPI	Description	Target	Estimated baseline (as applicable: Cumulative & 2020 as at 30 September 2020)
Priority 1: Origination of country-driven, paradigm-shifting investments			
1.1	Readiness support delivered to enhance country access to GCF	73 requests approved (35 Single year; 20 Multi-year; 18 Adaptation Planning;)	Cumulative: 339 regular; 57 adaptation planning 2020 to date: 30 requests approved (15 single year; 15 adaptation planning)
		141 countries in total accessing readiness resources	Cumulative: 139 countries in total accessing readiness resources
1.2	PPF support delivered to advance pipeline development	12 PPF proposals approved (8 DAE)	Cumulative: 34 PPF proposals approved 2020 to date: 7 PPF proposals approved
1.3	Country programmes submitted with GCF-facing investment plans and pipelines	30	Cumulative: 25* 2020 to date: 1 (*24 before GCF-1)
1.4	Entity work programmes submitted with improved alignment with country priorities	10	Cumulative: 7 2020 to date: 7
1.5	AMAs signed	16 (8 DAE, 8 IAE; including 5 private sector entities)	Cumulative: 82 (49 DAE, 33 IAE; including 12 private sector entities)
1.6	Country-driven, GCF-aligned concept notes and funding proposals developed through readiness and PPF support	System for tracking CNs and FPs developed with readiness support instituted	New KPI
		5 CNs/FPs supported by PPF TA	New KPI

KPI	Description	Target	Estimated baseline (as applicable: Cumulative & 2020 as at 30 September 2020)
Priority 2: Project development and appraisal to build an impactful GCF portfolio			
2.1	Number/Volume (USD) of FPs submitted for Board approval	TOTAL: 45–50 (1,780–2,260M)	Cumulative TOTAL: 143 (6.223B) 2020 to date: 21 (1,048M)
		PAP: 39 (1,720–2,150M)	Cumulative PAP: 127 (6.082B) 2020 to date: 17 (1,014M)
		SAP: 6–11 (60–110M)	Cumulative SAP: 16 (140.9M) 2020 to date: 4 (35M)
2.2	Number/Volume of DAE FPs submitted for Board approval	12–13 (250–340M)	Cumulative: 30 (918.3M) 2020 to date: 3 (127.1M)
2.3	Sectoral guidance elaborated to inform high-quality funding proposal development	At least 10 sectoral guides finalized for uptake	Sectoral guides being developed and consulted
Priority 3: Management of portfolio implementation for results and knowledge			
3.1	FAAs signed	28	Cumulative: 123 2020 to date: 23
3.2	Portfolio under implementation	75%	Cumulative: 76%
3.3	Aggregate projected disbursements for funded activities	2021 only: 449–555M Cumulative to end 2021: 1,874–2,078M	Cumulative: 1,352M 2020 to date: 443M
3.4	Systems for portfolio and results management strengthened and automated	IRMF (pending Board approval) and results management guidance implemented	IRMF policy paper revised and presented to the Board for consultation; No results handbook in place; First iteration of PPMS in operational use
		PPMS fully operationalized	
3.5	Readiness and funded activity progress reports reviewed for results	Readiness Reports (IPRs & CRs): 125	Readiness reports: 173

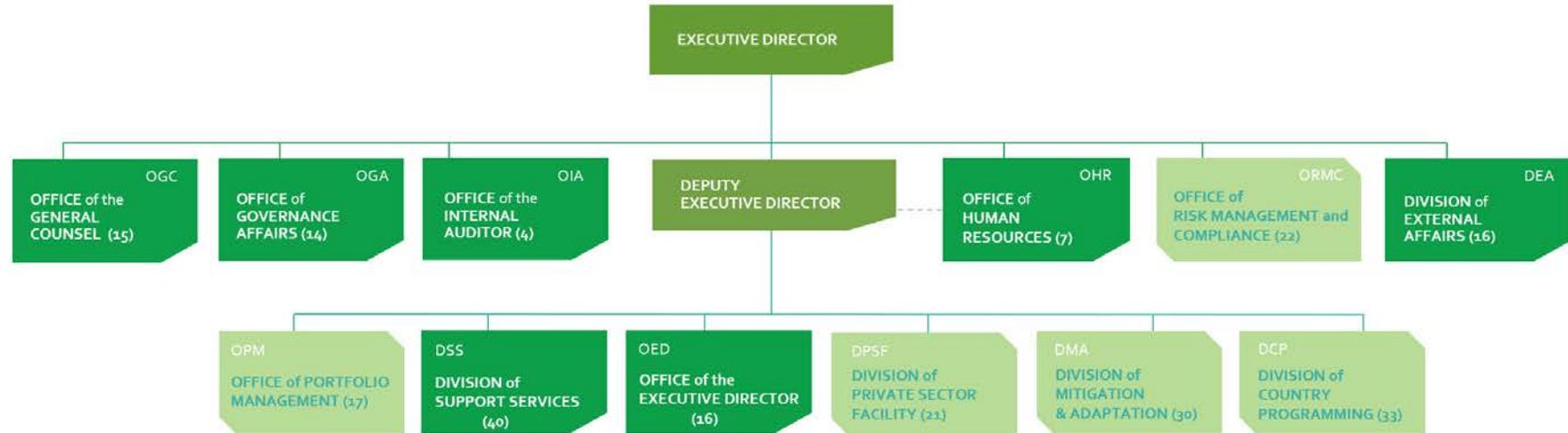
KPI	Description	Target	Estimated baseline (as applicable: Cumulative & 2020 as at 30 September 2020)
		Funded Activities: 93	Funded Activities: 71
3.6	Knowledge and communications products generated from implementation of portfolio and readiness	5 knowledge products generated	New KPI
		Evidence-based communications developed for 15 projects	New KPI
Priority 4: Supporting the Board and consolidation of policy & governance frameworks			
4.1	Secretariat-led policy documents delivered to the Co-Chairs, in line with the updated Board workplan, for Board consultations or publication for a Board meeting	100%	61%
4.2	Secretariat-led information and standard operational documents delivered to the Co-Chairs in line with the provisional agenda at least 21 calendar days before a Board meeting	100%	36% (2020 baseline covers all Board meeting documents)
4.3	Secretariat-led policy drafts developed in line with the GCF policy manual, including impact assessment, implementation plans and resourcing requirements	100%	New KPI
4.4	Consolidation of arrangements for policy implementation and monitoring	All newly approved policies and updates accompanied by an implementation plan and periodic monitoring established	New KPI
4.5	COP guidance addressed including through collaboration with the UNFCCC	10th GCF report to the COP submitted on time demonstrating how COP guidance has been addressed	9th GCF report to the COP on track to be submitted on time
Priority 5: Facilitating access and accelerating implementation by improving process efficiency, effectiveness, transparency and speed of delivery			

KPI	Description	Target	Estimated baseline (as applicable: Cumulative & 2020 as at 30 September 2020)
5.1	Requests reviewed within target service standards	Accreditation: 75% stage I applications reviewed within 105 days	New KPI in common format
		Readiness: 70% within 35 days - regular; 45 days - adaptation planning)	
		PPF: 80% within 21 days	
		CN review: 75% within 30 days	
		FP review: 75% within 75 days	
		SAP CN feedback: 70-75% within 21 days	
		SAP FP (initial feedback): 70-75% within 30 days	
5.2	Project reviews completed in line with the operations manual	Over 80% of reviews for B.29 onwards complete key operations manual process steps to ensure consistency, collaboration and quality	Operations manual finalized in mid-2020
5.3	Digital agenda - 2021 workplan delivered (digital workplace, business process automation, data-driven GCF, enhancing digital collaboration)	100%	Cumulative: 18.8% 2020 to date: 75% For Digital Agenda 2020-2023 ¹
Priority 6: Fostering a high-performance collaborative culture and consolidating institutional capacities and oversight			
6.1	Staff safety, security and business continuity plan expanded, updated and implemented	Plan updated and implemented	New KPI
6.2	Vertical alignment between strategic directions, work programme and staff performance plans	100% of PMDS's aligned	100%

¹ Digital Agenda starting January 2020 and ending December 2023

KPI	Description	Target	Estimated baseline (as applicable: Cumulative & 2020 as at 30 September 2020)
6.3	End of year fill ratio	94%	82%
6.4	Staff trained in GCF core knowledge (institutional, values & climate change)	>70%	33%
6.5	SMT fosters a respectful, harmonious and safe work environment	SMT Charter implemented	New KPI
6.6	Coverage of privileges and immunities expanded	3 agreements and explore other options to fulfil mandate	Cumulative: 22 2020 to date: 1
6.7	Share of existing and new pledges for which contribution agreements/arrangements have been finalized	Over 95%	83%
6.8	Partnerships strengthened	6 partnerships advanced through sustained engagement towards realizing targeted partnership objectives	New KPI
6.9	Oversight and risk: number of internal audits undertaken and responded to by management	5	Cumulative: 13 2020 to date: 0

Annex VI: Secretariat Organogram



(Secretariat Average Staffing in 2021)

