



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**

17 – 20 October 2022

Incheon, Republic of Korea

Provisional agenda item 10

**GCF/B.34/14/Rev.01**

11 October 2022

---

# 2023 work programme of the Secretariat and annual administrative budget of the GCF Secretariat, Board and Trustee

---

## **Summary**

This document presents the 2023 work programme of the Secretariat and the proposed 2023 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; and a provisional results framework designed to support an assessment of the Secretariat's progress on key work programme targets.

## Table of Contents

Executive summary	1
Highlights of proposed 2022 administrative budget	10
Annex I: Draft decision of the Board	15
Annex II: Work programme of the Secretariat for 2022 and administrative budget	16
Annex III: Output-based budget	63
Annex IV: Total administrative budget including independent units	67
Annex V: 2022 Secretariat Work Programme Results Framework	68

## 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 bodies of GCF, including its independent units.
2. The 2023 work programme and budget covers the final year of implementation of the updated Strategic Plan for the GCF 2020–2023. It accordingly builds upon the major workstreams and initiatives advanced under the Secretariat’s 2021 and 2022 work programmes, seeks to deliver the goals and priorities set by the Board under the 2020–2023 Strategic Plan, and, in particular, progress specific actions that remain outstanding.
3. At the same time, the 2023 work programme recognizes that many of the 2020–2023 Strategic Plan priorities operate over longer than four-years, and through a series of recent Board decisions – including the adoption of an updated accreditation framework and project-specific assessment approach (PSAA), Private Sector Strategy, guidance on adaptation, an updated simplified approval process (SAP) and ongoing work on an accreditation strategy, an updated readiness strategy and new instruments such as local currency financing – GCF has and continues to significantly evolve its operations and programming. The 2023 work programme correspondingly seeks to evolve and recalibrate the work of the Secretariat through embedding a sharper focus on key results aligned with evolving GCF priorities and pivoting resourcing to deliver these. It also aims to prepare the Secretariat for the next phase of GCF programming as the GCF engages in strategic planning for its second replenishment process.
4. In this regard, the 2023 work programme builds on the significant achievements already delivered in the GCF first replenishment period (GCF-1), as well as lessons learned from successes and challenges in execution. GCF is on track to programme over USD 11.5 billion in climate investments by the end of 2022, reaching nearly USD 45 billion in assets under management, through the full execution of commitment authority. Over the last year, the Secretariat has driven efforts to re-shape the portfolio toward the Board’s goals on adaptation: mitigation balance, significantly increasing direct access entity (DAE) funding, and diversifying private sector programming to deliver catalytic impact through de-risking and pioneering adaptation investments. GCF has seen over 80 per cent of its portfolio enter implementation – up from just 50 per cent in 2020 – with significantly matured approaches to portfolio, results and risk management. Operational policy gaps have been substantially closed. The Secretariat has also strengthened institutional capacities through comprehensive process codification, digitalization and building a full-strength, expert workforce in line with the Board’s decision on the 2020–2023 Strategic Plan capability review. The 2023 work programme seeks to consolidate these outcomes and mainstream them into regular operations.
5. Experience has also shown that there remain opportunities to do better through changes at both strategic and implementation levels. For the 2023 work programme, access is a central – and multidimensional – theme of focus. Access means different things to different stakeholders, and the Secretariat is working on four main dimensions of access: speed, simplicity, volume and direct access. In terms of speed and simplicity, GCF can now provide one of the fastest sources of finance for larger scale initiatives, and it is actively streamlining its readiness processes to increase the speed of delivery for smaller grants. For 2023 it will also pursue efforts to improve the coherence and consistency of process and policy implementation, including opportunities for harmonization with other climate funds. In terms of volume, while GCF accounts for only 2–3 per cent of finance within the United Nations Framework Convention

on Climate Change's (UNFCCC) USD 100 billion goal, GCF is working to catalyse wider sources of finance, including through greening financial systems and enhancing access to capital markets. For direct access, GCF has also been increasing its DAE programming, and this will remain a central focus into next year. In the context of the 2023 work programme, access also links into how the GCF can be more effective in deploying its support programmes, including readiness, adaptation planning and country programming support, to help countries and accredited entities (AEs) originate impactful, country owned climate investments that are 'GCF-ready' at entry. It links into how GCF plans to engage and manage its growing portfolio of AE partners to better match capabilities to programming delivery. Access also dovetails into what more GCF can do, together with its partners, to learn from results to date in order to feed this back into improved programming and process outcomes. In 2023, the Secretariat will continue to support the Board in addressing the strategic and policy dimensions of access, while seeking continuous improvement on the operational front.

### Secretariat objectives for 2023

6. The 2023 work programme and budget takes up these and other focus areas through an updated set of six priority objectives. These six objectives revise the previous 'six priorities' included in the Secretariat's 2021 and 2022 work programmes to be more focused on *intended results*, including a dedicated new objective on enhancing access. The Secretariat has used this focus on intended results to pinpoint and prioritize the major initiatives it considers can best contribute to the intended results, and prioritize resourcing accordingly. It will also enable the Secretariat to better link intended results and associated risks. The accompanying Secretariat results framework comprising 47 key performance indicators (KPIs) has also been refreshed to match this approach. As in the past, the 2023 work programme and accompanying results framework do not attempt to catalogue the thousands of activities that the Secretariat engages in on a day-to-day basis to enable GCF to develop and oversee its multibillion-dollar portfolio, but rather focus on headline initiatives for 2023.

7. **Objective 1 is "Advancing developing country capacity and tools to translate nationally determined contributions (NDC), national adaptation plans (NAP) and long-term strategies (LTS) into climate investments"**. This objective is implemented through support provided by the Secretariat via its in-house climate experts, expert networks, and administration of technical assistance, readiness and Project Preparation Facility (PPF) support to help national designated authorities (NDAs), DAEs and other developing country stakeholders institutionalize the capacity and tools to design climate investments that deliver country ambitions. While this support – particularly through the Readiness and Preparatory Support Programme – has a broad and flexible scope, for 2023 the Secretariat proposes to take cues from the latest strategic policy thinking that indicates GCF has the greatest potential to add value to NDC, NAP and LTS implementation by supporting three key actions: (1) ensuring developing countries and DAEs are able to access best available climate information and analyses to inform investment origination; (2) ensuring NDAs, DAEs and national financial institutions have access to the expertise, methodologies and tools to use climate analyses in investment design, pricing and risk assessment; and (3) equipping NDAs working with their investment partners to analyse and match different sources of finance to their intended programmes of investments through a prioritized investment planning process that helps identify and originate 'best fit' project concepts for GCF, as well as other financiers, and maximize financing available overall.

8. The Secretariat will work toward these results in 2023 through a series of initiatives. Its **internal network of climate experts** will both work directly with NDAs, delivery partners and AEs to guide, train and connect them with needed tools and expertise; and forge collaborations with leading global and local experts to expand best practice guidance and climate resources via the GCF website. The Secretariat will also be proposing **an updated Readiness Programme**

**strategy** by B.35, in parallel with engaging NDAs, delivery partners and DAEs to encourage orientation of readiness and adaptation planning support toward advancing integrated resilience planning, institutionalizing climate programming expertise, and utilizing country programming for prioritized investment planning – all steps which can help maximize the prospects of translating readiness and NAP investments into projects. It will also place particular emphasis on **harnessing the results of readiness, NAP and funding proposal investments** – via climate risk and vulnerability assessments, climate information and early warning systems, and new methodologies for assessing and pricing climate risk – to accelerate systemic climate programming. To enhance access, these efforts will incorporate **expanded deployment of technical assistance** via on-call consultants and firms, as well as examine how the Readiness Programme modalities can be evolved to provide **more predictable end-to-end support to DAEs and countries with limited capacity**. This will help them build or access the expertise needed to navigate climate planning, programming and implementation, including capacity to implement GCF policies. This will also be supported by efforts to enhance international access entity (IAE) collaboration with DAEs. In totality, these actions will also advance the DAE action plan in striving to build capacity for a wider number and diversity of DAEs to successfully undertake programming with GCF.

9. **Objective 2 is “Building a pipeline of ambitious funding proposals that meet the GCF’s portfolio targets”**. This objective covers the origination, project development and appraisal work delivered through the Secretariat’s collaboration with AEs, supported by the Readiness Programme and PPF, to advance a pipeline of country-owned, high-impact mitigation and adaptation investments in line with the portfolio targets set by the Board under the 2020–2023 Strategic Plan. For 2023, meeting these targets requires a continued focus on **boosting DAE and Private Sector Facility (PSF) programming, as well as adaptation funding proposals for small island developing States (SIDS), least developed countries (LDCs) and African States**. Programming targets for 2023 are set out in table 2 in the section below, aimed at the full deployment of commitment authority in line with the 2020–2023 Strategic Plan objective of committing 95 per cent of available GCF-1 resources by the end of 2023 (some GCF-1 resources are to be transferred after B.37). But the work programme also recognizes that building an ambitious funding proposal pipeline is a multi-year effort, and one that is guided across programming periods by the GCF’s long-term vision and thematic programming strategies, including the recently adopted Private Sector Strategy, adaptation guidance and direct access action plan. Implementing these strategies will see the Secretariat, throughout 2023, work in the above focus areas to encourage targeted use of Readiness resources for enabling environments and pipeline origination, actively engage AEs to guide programming and build co-investment opportunities, and proactively manage the GCF pipeline to advance the most promising concept notes and funding proposals aligned with the Board’s portfolio targets and strategies. The Secretariat appraisal process will continue to assure projects and programmes proposals’ fit with the GCF’s investment and results policies, and advance best practice standards on sustainability, gender and integrity.

10. A key focus under this objective for 2023 will be implementing **new initiatives and instruments to facilitate the fuller exercise of the GCF’s risk appetite to support innovation and catalytic impact, and benefit the most vulnerable**. The Secretariat will act on the Board’s mandate to develop a local currency pilot programme. It will also examine ways to strengthen deployment of GCF’s current financial instruments and explore options for engaging through a wider set of instruments, such as insurance, SDRs and climate swaps. This will include exploring how this wider toolkit may be deployed to support activities relevant to averting, minimizing and addressing loss and damage. Deploying a diverse set of instruments is critically dependent on GCF having the right tools to enable educated risk-taking, and this will be delivered through Secretariat implementation of an updated risk management framework and approach to hedging. Subject to Board approval, the Secretariat will also seek to drive

innovation through implementing a **request for proposals on technology incubators and accelerators**, while continuing to target opportunities for innovation through regular pipeline development. The Secretariat has also **strengthened the capacity of the PSF to equip it for delivery of the Private Sector Strategy**, an effort which will involve a significant expansion in private sector engagement through 2023, with a focus on the local private sector and micro, small and medium-sized enterprises (MSMEs), SIDS/LDCs and equity investments and on working with an expanded set of partners through PSAA. This is complimented by building capacity to scale-up the SAP, also in response to the recent Board decision, where the Secretariat will aim to **accelerate SAP deployment in particular for adaptation and SIDS/LDCs/African States** through a combination of crafting ‘fast-tracking’ SAP packages for highly replicable interventions, strengthening staff and supplementary review capacity, and examining options for further simplification of legal and post-approval processes.

11. **Objective 3 is “Strengthening delivery of climate results”**. This objective covers the Secretariat’s still-expanding responsibility to work hand-in-hand with GCF’s partners to deliver the GCF’s Readiness and funding proposal portfolio on-time, on-scope and on-budget; adaptively manage the portfolio to respond to unforeseen circumstances and maximize prospects of project success; and harness knowledge and learning to identify ways to further improve investment design, delivery capacities and GCF processes. This is an area where the Secretariat has committed significant resources and effort in recent years to strengthen GCF’s portfolio management, results management and risk management capacity and systems, including through implementing the Integrated Results Management Framework (IRMF) and Evaluation Policy, developing a Readiness Results Management Framework (RRMF), building portfolio management and risk flagging systems, establishing an assets and liabilities committee, and strengthening guidance and training. Work in 2023 will strive to consolidate this progress into core operations, while also ensuring that GCF is able to equip itself with more sophisticated tools to pinpoint and address critical risk points in its growing multibillion-dollar portfolio and analyse and capture lessons learned to improve climate results.

12. Initiatives under this objective will be guided by the ambitious 2020–2023 Strategic Plan operational target of having **90 per cent of the funded activity portfolio under implementation by the end of 2023**. The Secretariat projects that this will see disbursements for funded activities of USD 728 million to 1.063 billion in 2023. The Secretariat also anticipates maintaining an implementation rate for the Readiness portfolio of over 90 per cent, with disbursements of 51 million in 2023. Evolving financial management systems to mirror the growing sophistication and complexity of the GCF’s investment portfolio, through the **rollout of a GCF financial management suite (GFMS) and more sophisticated portfolio valuation tools**, will be critical tasks. As portfolio size and complexity grows, the Secretariat also expects a growing number of adaptative management and restructuring requests. Projections for related implementation activities are set out in tables 1–3 in the section below. Beyond core portfolio management activities, the Secretariat will put a particular focus in 2023 on **proactive portfolio risk identification and management**, using its digitized risk flagging systems, deployment of fund agents for on-ground checks, and collaboration with the Independent Integrity Unit on proactive integrity reviews to spot and address red flags early. As more lessons are learned from implementation, a **re-examination of GCF templates and policies on monitoring, reporting and restructuring, and associated delegations and risk apportionments** are also likely to be warranted to ensure these remain fit-for-purpose. Another key initiative under this objective will be **strengthening the capture of knowledge and learning from linked systems** to feed back into improved climate and process results. This includes showcasing results and best practices, expanding learning loops, and using Independent Evaluation Unit- and Secretariat-led evaluations and peer learning to feed into an expanded set of knowledge products and updated GCF guidance that can magnify the impacts of GCF investments.

13. **Objective 4 is “Enhancing access to GCF financing”**, which, as mentioned in the introduction, has been established as a dedicated new objective for the 2023 work programme. As noted above, access is a multidimensional issue, which touches on dimensions of speed, simplicity, harmonization, flexibility, volume and direct access. While objectives 1 and 2 speak to the dimensions of volume, flexibility (expansion in the range of instruments) and direct access, initiatives under objective 4 aim to tackle the dimensions of speed and simplicity through three main areas of action. First, speed may be most significantly enhanced when GCF partners have the capacity to prepare high quality, ‘GCF-ready’ proposals at entry and meet GCF policy requirements, since track record shows these proposals move most smoothly and rapidly through the investment process. Second, GCF can continue to pursue its own policy measures – closing the few remaining operational policy gaps and improving policy coherence – and process measures – such as improving consistency of implementation, harmonization and simplification – to enhance internal efficiency and effectiveness of delivery. The third dimension lies with GCF partners: here, the Board is actively examining whether accreditation and reaccreditation processes are effectively shaping the partnership network needed to deliver developing countries’ climate programming priorities. The rollout of PSAA also presents new opportunities in 2023. Country ownership principles and stakeholder engagement are key dimensions of access which factor into the Secretariat’s priority initiatives under this objective.
14. For the first action area on supporting improved quality at entry, key initiatives for 2023 will focus on **helping GCF’s partners make best use of GCF’s programming guidance and tools to prepare GCF-ready proposals**. This will be supported by the body of work to strengthen NDA and DAE programming capacities under objective 1 and capture knowledge under objective 3. It will also seek to capitalize on the recent development of a comprehensive suite of programming guidance, including the programming and appraisal manuals, adaptation/mitigation guidance, draft sectoral and results guidance, and the update of the Readiness guidebook, to help countries and partners more easily navigate investments through GCF.
15. In the second action area of policy and process improvement, the Secretariat hopes to support the Board to address **all outstanding, operationally significant policy gaps** (those that cannot otherwise be addressed through adaptive policy management) in the Board workplan by the end of GCF-1, allowing future efforts to focus on reviewing ways to improve policy coherence, impact and implementation. This will cover an update of the country ownership guidelines, Information Disclosure Policy, guidelines on observer participation, and presentation of the GCF environmental and social safeguards (ESS), each of which also has a direct bearing on access via the key dimension of stakeholder participation. Within this second pillar, the Secretariat will also advance the **Global Environment Facility-GCF long term vision to examine prospects for policy and process harmonization**, as well as maintain its service standards and **undertake further internal process efficiency initiatives** to examine where it can further simplify, standardize or innovate processes to improve consistency of implementation and speed of delivery.
16. Under the third dimension related to GCF partners, the Secretariat will support the Board in **executing a more strategic approach to accreditation and reaccreditation**, which helps set clear expectations for AE candidates up front, builds – through AE selection, DAE capacity-building and reaccreditation reviews – an AE network that is well-matched to programme delivery needs, and strives for an AE network size that is manageable for GCF and creates sufficient resource-access incentives for AEs. **The implementation of the PSAA** to tap programming opportunities less well-served by AEs through the regular pipeline will also be a key focus through 2023.
17. **Objective 5 is “Nurturing world class climate finance expertise and organizational performance”**. This objective covers three critical institutional pillars. The first is building a full-strength workforce and investing in the talent and skills of our people, while fostering a

strong, positive culture based on GCF values. The second is supporting effective governance, through accountability to the Conference of the Parties, support for the operation of Board and its committees, and the observation of appropriate delineation in the responsibilities and accountabilities of the various GCF bodies. The third is ensuring GCF is equipped with the full set of institutional systems and processes needed to deliver with integrity, efficiency and effectiveness. This is an area where substantial progress has been made, but there remains scope to improve and more fully digitalize some processes, enhance overall corporate performance management, as well as make more strategic use of GCF's data.

18. At the heart of this objective is the precept that people are key to the success of GCF. In line with the resourcing strategy set out in the 2020–2023 Strategic Plan capability review, the Secretariat will continue its focus through 2023 on **building a full-strength workforce equipped with the core expertise in climate change and financing** that is critical to GCF's success. Delivering this staff scale-up will require a concerted direction of resources toward recruitment, as well as the implementation of the People Plan to promote skills development and training, well-being/work-life balance, and effective performance management and foster a collaborative and innovative Secretariat culture. It will also be timely for an update to the **administrative guidelines on human resources and GCF salary structure** to come back to the Board in 2023 to ensure GCF has the needed agility to attract and manage its growing workforce in line with modern best practices. Building a strong and diverse team will also be crucial to managing the transition of the Executive Directorship that is due for 2023.

19. On the governance front, key initiatives will see the Secretariat seek to enhance its ongoing support for the Board and Committees through **increased use of the Board Portal and the implementation of more standardized governance support procedures**, including in support of committees, decisions taken in between meetings, and Board consultations. On systems, the Secretariat will seek to further strengthen its internal corporate performance management through **improving transparency of performance monitoring across all GCF processes** – work that will also better enable the Secretariat to measure progress on key access metrics – while utilizing regular risk control reporting and internal audits to stress-check emerging issues. The Secretariat will also, in tandem with the execution of its digital agenda, place greater focus in 2023 on **better managing and making use of its data as a strategic asset**, an initiative which will be increasingly critical if GCF wants to capture the wealth of value that high quality data and analytics can bring to GCF's programming and institutional results.

20. **Objective 6 is “Helping to deliver a successful second replenishment for GCF”**. With 2023 being a replenishment year, this final objective has been introduced to capture how the Secretariat will support the Board in the conduct of a successful replenishment process by widely communicating GCF results; developing a compelling programming vision for GCF; as well as engaging globally to build political and financial support for the replenishment. This work will be connected to the key milestones of the replenishment process agreed by the Board, as well as the key milestones for the Board's review and update of the GCF Strategic Plan. For the latter, the Secretariat will work in close collaboration with the Co-Chairs and Board to prepare a **further update of the GCF Strategic Plan for adoption by B.36**. This will refresh the GCF's strategic vision and objectives to more clearly articulate how GCF can help advance the delivery of developing countries' NDCs, NAPs, LTS and other strategies to realize ambitious climate impact, and aim to establish a compelling programming value proposition with a clear results focus. For the replenishment process, the Secretariat will **support the overall conduct of replenishment meetings and resource mobilization efforts**, including through preparing key documents such as the updated contributions policy for GCF-2 and engaging potential contributors to build political and financial support for the replenishment. Critically, the Secretariat's work will not stop at pledging or the Board's endorsement of the replenishment

outcome; it will also seek an **expeditious conclusion of contribution agreements to prepare GCF for uninterrupted programming** into the 2024–2027 period.

21. The Secretariat’s wider work on communications, outreach and partnerships will also be directed toward supporting replenishment efforts through 2023. Through close cross-GCF coordination on messaging and outreach, the Secretariat will seek to build a **powerful narrative on GCF’s achievements and climate results, as well as its programming strategy and value add in the climate finance landscape**. Delivery will be underpinned by the enhancement of GCF communications products, including stories on GCF projects, focused media engagement, and the utilization of the Secretariat’s engagement in both global and regional events to widely communicate about GCF and strengthen the global GCF profile and brand. The Secretariat will also continue to engage through strategic partnerships – outside of regular AE, DP and country partnerships – to expand GCF’s access to global knowledge, expertise and opportunities to build investment collaborations that may not involve direct funding or contributions. Finally, in preparing for the start of GCF-2, the Secretariat will also be **keeping under review the organizational capacities needed to deliver a new generation of programming**. This includes advancing feasibility assessments for a potential GCF regional presence, ensuring the Secretariat’s organizational structure remains fit-for-purpose, and also working with the Co-Chairs to pursue all available avenues to secure wider privileges and immunities, noting these will be significant for GCF’s management of operational risks and liabilities as GCF grows.

### Key programming and implementation metrics

22. For the 2023 work programme, the updated results framework and KPIs set out in annex V have been re-crafted as a streamlined set of indicators measuring progress toward the key intended results described under each Secretariat objective above. However, the Secretariat will also internally measure, on an ongoing basis, a set of key operational, programming and implementation metrics which speak to the performance of ‘core business’ activities. The Secretariat will also track, as internal division/office KPIs, a wider range of more specific actions directed at delivering the 2020–2023 Strategic Plan and 2023 work programme. The tables below set out key metrics for programming and implementation activities in 2023, and reporting against these tables will be included as per past practice in the regular Report on the Activities of the Secretariat.

23. **Table 1** sets out key metrics and projections for the Readiness Programme and PPF:

**Table 1: Readiness and Preparatory Support Programme and Project Preparation Facility**

Metrics		2023 Projection	
Readiness	New proposals approved for 2023 & approved amount (USD million) <sup>a</sup>	Readiness (non-NAP): 70 (50M)	Total: 86 (86.8M)
		Adaptation planning: 16 (36.8M)	
	Total approved proposals receiving disbursements & disbursed amount (USD million)	Readiness (non-NAP): 65 (20M) / 366 (125M) cumulative	Total: 68 (51M), 523 (314M) cumulative
		Adaptation planning: 3 (31M) / 157 (188M) cumulative	
	Share of approved readiness proposals receiving disbursements	>90%	
Total proposals completed & amount (USD million)	Readiness (non-NAP): 42 (10M) / 84 (18M) cumulative	Total: 60 (24M), 120 (45M) cumulative	
	Adaptation planning: 18 (14M) / 36 (27M) cumulative		



Metrics		2023 Projection
	Readiness implementation reports reviewed in 2023	150
	No-cost extensions and change requests processed in 2023	100
Programmes	No. of country programmes endorsed by Climate Investment Committee in 2023	20
	No. of entity work programmes endorsed by Climate Investment Committee in 2023	5 (1 DAE and 4 IAEs)
Project Preparation Facility	New requests approved in 2023 and approved amount (USD million)	10 PPF grants (6M) 13 PPF service (3) or TA (10) (5.5M)
	No. PPF grant requests receiving disbursement and amount disbursed (USD million)	25 PPF grants (5M first and subsequent disbursement) / 49 PPF grants (30M) cumulative
	Total PPF proposals completed and amount (USD million)	10 (5M)
	PPF implementation reports reviewed in 2023	13

<sup>a</sup> This will count proposals approved against 2023 readiness budget, noting the approval cycle runs until March.

24. **Table 2 sets out key metrics and projections for funding proposal programming and implementation.** According to the GCF-1 financial plan, which is regularly updated on the Board Portal, there are several scenarios for the available commitment authority in 2023, ranging from approximately USD 1.5 billion under the current contribution payment schedule to around USD 2.2 billion if additional commitment authority materializes through the advancement of contributions. From these amounts, funds will need to be set aside for AE fees, administrative expenses and the management of the foreign exchange commitment risk buffer. Taking account of these expenses and the various commitment authority scenarios, the Secretariat proposes to **advance a pipeline of USD 1.6–2.1 billion to the independent Technical Advisory Panel (TAP) in 2023**, which will also aim to make headway against adaptation, DAE and PSF targets per the breakdowns set out below. Any additional contributions received would enable the GCF to advance more proposals in 2023.

**Table 2: Funding proposal programming and implementation**

Metrics	Projection	
Total new funding proposals and amount sent to the independent Technical Advisory Panel (TAP) in 2023 (USD million)	Public: 16–19 funding proposals (950–1,130M)	Total: 23–31 funding proposals (1.6–2.1 billion)
	Private: 7–12 funding proposals (650–1,00 M)	
Simplified approval process (SAP) proposals and amount sent to independent TAP in 2023 (USD million)	Public: 5–7 funding proposals (75–105M)	Total: 6–9 funding proposals (90–135 M)
	Private:	

<b>Metrics</b>	<b>Projection</b>	
	1-2 funding proposals (15-30M)	
Direct access proposals and amount sent to independent TAP in 2023 (USD million)	Public: 2-8 funding proposals (120-240M)	Total: 3-10 funding proposals (250-465M)
	Private: 1-2 funding proposals (130-225M)	
Adaptation proposals and amount sent to independent TAP in 2023 (USD million), including share to SIDS/LDCs/African States	Public: 7-12 funding proposals (420-540M)	Total: 14-24 FPs (870-1,175M) 75% GE to SIDS/LDCs/Africa
	Private: 7-12 funding proposals (450-630M)	
FAAs signed in 2023 and total FAAs signed	Public: 14-17, 173-176 cumulative	20-25 in 2023, 217-223 cumulative
	Private: 6-8, 44-47 cumulative	
Share of funding proposals under implementation	90%	
Share of funding proposals receiving disbursements	70%	
Disbursements projected for 2023	USD 728-1063 million	
Funded activity implementation and evaluation reports reviewed in 2023	233	
Change requests processed in 2023	102	

25. **Table 3** sets out key metrics and projections for accreditation and PSAA.

**Table 3: Accreditation, reaccreditation and project-specific assessment approach**

<b>Metrics</b>	<b>2023 Projection</b>	
Number of re-accreditation, upgrade and accreditation applications progressed by the	Re-accreditation	23-25
	New accreditation	1-2

Metrics	2023 Projection	
Secretariat from Stage I to Stage II (Step 1) under institutional accreditation in 2023	Stand-alone upgrade <sup>1</sup>	0-1
Number of first or amended and restated AMAs signed in 2023	12 (of which at least 9 are with DAEs)	
% of AEs with effective first or amended and restated AMAs <sup>2</sup>	65%	
PSAA institutional assessments completed in 2023	DAE: 1	2
	IAE: 1	
AE-level reports <sup>3</sup> reviewed in 2023	98	

26. **Table 4** sets out key service standards metrics.

**Table 4: Service standards**

Service standards	Targets
Accreditation	90% stage I applications reviewed within 105 days
Readiness (non-NAP)	70% reviewed within 35 days
Readiness (NAP)	70% reviewed within 45 days
PPF	80% reviewed within 21 days
Concept note review	50% reviewed within 30 days (public) and 75% reviewed within 30 days (private)
Funding proposal review	70% reviewed within 75 days
SAP concept note review	70-75% reviewed within 21 days
SAP funding proposal review	70-75% reviewed within 30 days
Minor portfolio change requests reviewed	75% reviewed within 30 days
Major portfolio change requests reviewed	60% reviewed within 180 days

## Highlights of proposed 2023 administrative budget

27. An overview of the proposed 2023 Board, Secretariat and Trustee budget is provided in **table 5** below. Overall, the budget represents a total increase of USD 12.7 million above the 2022 budget. The largest component of this overall increase (USD 10.8 million) is derived from the Board's approval of additional staffing for the Secretariat under decision B.30/06 on the capability review, which has been reflected in an updated budget baseline. From this baseline,

<sup>1</sup> AEs may seek an upgrade to their accreditation scope during their accreditation term using a stand-alone application. AEs may also seek to upgrade their accreditation scope in parallel to seeking re-accreditation to GCF; numbers related to joint applications for upgrade and re-accreditation are included in the number of re-accreditation applications and not counted in the number for stand-alone upgrade applications.

<sup>2</sup> AEs are required to submit documents and information to meet conditions precedent to making the AMA effective.

<sup>3</sup> Includes annual self-assessments, mid-term accreditation reports and annual reports on IAE support to DAEs.

the proposed budget represents an increase of USD 1.9 million, or 1.9 per cent. With this budget, GCF would remain within its targeted efficiency range of administrative budget being 0.7 per cent of assets under management.

**Table 5: Proposed administrative budget for the period 2022 (in United States dollars)**

		2022 approved budget (decision B.30/07)	Updated budget baseline (incl. decision B.30/06)	Proposed 2023 budget	Change in 2023 draft budget over updated budget baseline	% change
1	Board	4,767,656	4,767,656	5,415,346	647,690	13.6%
2	Secretariat	81,002,368	91,822,334*	93,621,706	1,799,372	2.0%
3	Trustee	3,646,000	3,646,000	3,116,000	-530,000	-14.5%
	<b>Grand total</b>	<b>89,416,024</b>	<b>100,235,990</b>	<b>102,153,052</b>	<b>1,917,062</b>	<b>1.9%</b>

\* Includes USD 10,819,966 approved by decision B.30/06 for additional salaries and emoluments in 2023 as per capability review of the Secretariat.

28. An overview of the proposed 2023 Secretariat budget is provided in **table 6** below. As noted above, this budget proposal builds in the Board’s approval, via decision B.30/06, of an additional USD 10.8 million for staff salaries and emoluments as part of the **resourcing strategy of growing the Secretariat’s full-time equivalent (FTE) staff capacity to equip it to deliver the Board’s ambitions under the 2020–2023 Strategic Plan**. As committed as part of that decision, the Secretariat is implementing a corresponding scale-down of headquarter-based individual consultancies as ongoing work is taken up by staff. The 2023 budget reflects a matching decrease in the consultants line, while maintaining the select use of consultancies to deliver temporary projects, surge capacity and specific expertise not available in-house.

29. For 2023, there is growth across the contractual services, travel, other operating costs/depreciation, and information and communications technology (ICT) lines, which reflects the growing overall size of GCF. The main growth is in the contractual services line; this **would bring the contractual services budget back to just over 2017–2020 levels, but built on a year-on-year trend of rising execution that reflects three parallel growth drivers**. The first is the Board’s approval (particularly over 2022) of an **expanded set of policies, modalities and instruments for GCF**, including the IRMF, Evaluation Policy, updated SEAH, updated accreditation framework and PSAA, updated SAP, local currency pilot, Private Sector Strategy and adaptation guidance. While some of these policy approvals included budget for initial setup costs, many also require the Secretariat to access specific expertise and supplementary delivery capacity on an ongoing basis to mainstream policy uptake and deliver desired results. The provision of additional review capacity to accelerate the SAP, and legal services to support complex private sector transactions are two such examples.

30. The second driver is the **ongoing growth of the GCF portfolio, where the Secretariat’s fiduciary responsibilities compel ongoing investment in robust portfolio, financial and risk management tools**. The multiyear rollout of major portfolio and financial management systems, and the provision of risk management tools such as fund agents for at-risk project checks, are large-ticket, essential items underpinning budget growth.

31. The third driver lies in **addressing remaining areas where manual workflows, poor data quality and lack of systems integration slow down delivery and raise risks of human error**. In these areas, investment in automation, integration, data and analytics represents a near-term cost with great value-for-money benefits in increased long-term efficiency, access, transparency and quality of operations. With the opening of countries post-pandemic, travel has also been increased back to around 80 per cent of pre-coronavirus disease (COVID-19) levels,

reflecting the opportunities to resume face-to-face partner engagement while continuing to make increased use of hybrid and virtual formats. Other operating costs and depreciation also show growth, reflecting the overall increase in the GCF's size, as well as the office redesign to accommodate new staff and safety measures, and an additional office space for business continuity planning.

**Table 6: Overview of the proposed Secretariat budget for 2023 (in United States dollars)**

Code	Budget category/ subcategory	2022 approved budget (decision B.30/07)	Updated budget baseline* (incl. decision B.30/06)	Proposed 2023 budget	Change in 2023 draft budget over updated budget baseline	% change
2.1.1	Full-time staff	53,616,786	64,436,752	62,551,071	-1,885,681	-2.9%
2.1.2	Consultants and interns	4,366,268	4,366,268	3,346,580	-1,019,688	-23.4%
2.2.1	Travel	1,864,794	1,864,794	2,530,742	665,948	35.7%
2.3.1	Office utility costs	570,000	570,000	642,000	72,000	12.6%
2.3.2	Contractual services	6,600,107	6,600,107	8,544,267	1,944,160	29.5%
2.3.3	Other operating costs	2,209,485	2,209,485	2,845,771	636,286	28.8%
2.3.4	Communication and printing	693,700	693,700	729,000	35,300	5.1%
2.3.5	Information and communications technology	7,983,667	7,983,667	8,552,680	569,013	7.1%
2.3.6	Depreciation	1,540,700	1,540,700	2,043,875	503,175	32.7%
	<b>Total</b>	<b>79,445,507</b>	<b>90,265,473</b>	<b>91,785,986</b>	<b>1,520,513</b>	<b>1.7%</b>
2.4	Contingency	1,556,861	1,556,861	1,835,720	278,859	17.9%
	<b>Grand total</b>	<b>81,002,368</b>	<b>91,822,334</b>	<b>93,621,706</b>	<b>1,799,372</b>	<b>2.0%</b>

\* Includes USD 10,819,966 approved by decision B.30/06 for additional salaries and emoluments in 2023 as per capability review of the Secretariat.

32. **Building toward full strength staffing.** Proposed staffing for 2023 is fully aligned with decision B.30/06 and the scale-up trajectory outlined in the 2020–2023 Strategic Plan capability review. Under this resourcing strategy, the Secretariat will continue to focus on building FTE capacity through aggressive staff recruitment, aiming to reach 315 staff (90 per cent fill of 350 staff allocated) by the end of 2023. Noting that in line with global trends, the turnover rate for 2022 increased significantly compared to 2021 as we emerged from the pandemic, additional resources are proposed to be dedicated to recruitment and talent management in 2023 through bolstering Office of Human Resources capacity and increasing the use of specialized search agencies for senior-level positions to ensure the GCF can secure the best available talent to lead its diverse team. As a result of process streamlining, the average time to fill a post (time taken from opening a position to having a new staff member in post) has already decreased from 221 days for the first quarter of 2021 to 146 days for the second quarter of 2022, with potential for further efficiency to be achieved. Under the Secretariat's updated recruitment strategy, increased use will be made of talent pools and batch recruitments, allowing similar positions to be advertised together for a common job class or multiple positions at the same level. Addressing policy matters related to salary and conditions,

including housing challenges, will also be key to reducing the relatively high rate of rejected offers (23 per cent), which are most commonly tied to compensation.

33. **Consultant and interns aligned with commitments.** Also in line with decision B.30/06, the Secretariat has put forward a USD 1.5 million step-wise reduction in the individual consultancy budget line for 2023 relative to the 2022 approved budget. This is premised largely on reducing the number of headquarter-based individual consultancies as staff are recruited. Support from individual consultants will still, however, remain an important part of the Secretariat's resourcing profile, but will be used for more specific and timebound deployments such as the delivery of discrete projects and/or supplementary surge capacity, or to allow the Secretariat access to global expertise not available in-house. Provision has also been made for 2023 within the consultancy line for maternity/parental leave cover, as well as some contingency cover for short-term staffing gaps. The budget also includes provisions for 25 intern FTE, expanding the Secretariat's valuable intern programme as its overall profile grows.

34. **Contractual services growth in line with expanding operations and historical growth in execution.** For the reasons outlined above, in 2023 the contractual services budget is proposed to grow by USD 1.9 million (29.5 per cent) to USD 8.5 million in total. This would bring this budget line back to just over the levels approved by the Board between 2017–2020, but premised upon an accompanying year-on-year growth in execution, which peaked at 6.2 million in 2021, with full execution currently projected for 2022. As described above, the major growth items within this budget line relate to: (1) external services required to support enhanced strategies, modalities and instruments, including specialized legal services for complex private sector transactions; supplementary capacity for the acceleration of SAP, stage 1 accreditation reviews; and implementation of pre- and post-approval ESS, gender and SEAH reviews; valuations and loss provisioning; (2) investments in portfolio, financial and knowledge management, including fund agents for at-risk projects; results framework implementation and data improvement; Secretariat evaluations; and knowledge resources including on establishing mitigation and adaptation impact potential; (3) process and systems investments, including the GFMS, data strategy and improvement of corporate processes; and (4) external services to support the Secretariat's aggressive recruitment drive. The Secretariat is building the capacity of its procurement team, as well as reviewing procurement practices. This, combined with an October budget approval by the Board, would enhance planning for full execution. The communications budget is maintained, on the premise that this will be fully executed in the GCF replenishment year.

35. **Ongoing investment in ICT.** The further growth in the ICT budget reflects a value-for-money investment in more complete digitalization of GCF processes, particularly across corporate functions such as finance, procurement and human resources, and improved data management and integration across other business process automation systems. These represent considerable up-front investments, but are necessary to handle increasing complexity of operations. These investments are also expected to pay back in significant productivity and transparency enhancements, as remaining manual workflows are automated, staff time is freed up and access to GCF data and processes is enhanced. In case of limited budget availability, these upgrades would be staged, leading to delayed realization of automation efficiency gains. Major ICT initiatives for 2023 will include the expansion of PPMS and IPMS systems functionalities and addition as well as refinement of GFMS modules; upgrades to the digital accreditation platform covering the entire accreditation life-cycle of activities; building out of the GCF's constituent relationship management system to better serve its stakeholders; introduction of a GCF-wide financial management system replacing the initial accounting software product; and a comprehensive risk management system.

36. **The travel budget has been reinstated at around 80 per cent of pre-COVID-19 levels** on the basis that the resumption of international travel has made critical face-to-face

engagement with GCF's partners possible once again, and that the Secretariat will continue to make increased use of hybrid and virtual forms of engagement. The travel budget was adjusted for the increase in the staff numbers and the additional travel required for the increased portfolio. The increase also takes account of a global increase in travel costs, which may continue into 2023.

37. The increase in **office utility costs** is primarily due to the additional space taken outside of G-Tower to ensure business continuity in the event that G-Tower is temporarily closed. The increase in the **other operating costs** is expected primarily due to changes in the office layouts in G-Tower to comply with COVID-19 social distancing requirements; furnishing and maintenance of the additional space outside of the G-Tower; and increased expenses on health and security services in light of the challenges posed by COVID-19. The expected increase in the number of staff has also contributed towards the increase in the other operating costs.

38. The budget also includes a **contingency line**, which the Secretariat believes is critical to enabling it to effectively respond to both mounting demands for adaptive action, and the foreseeable but unquantified risks associated with a growing portfolio and administrative functions. This contingency line creates an allowance for any unscheduled costs arising from disruption to operations or staffing, or possible threats and liabilities associated with GCF funded activities or any disputes, including disputes with GCF personnel. It will be used to support both the Secretariat and the independent units. These and other provisions of the Secretariat budget are reviewed in greater detail in annex III.

## Annex I: Draft decision of the Board

The Board, having considered document GCF/B.34/14/Rev.01 titled “2023 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 2023;
- (b) Decides in accordance with paragraph 32(b) of the updated Strategic Plan for the GCF 2020-2023 to set the following annual programming and disbursement targets for 2023:
  - (i) Annual programming target of USD 1.6–2.1 billion of funding proposals submitted to the independent Technical Advisory Panel<sup>1</sup>; and
  - (ii) Annual disbursement target of USD 728 million to 1.063 billion;
- (c) Approves the 2023 work programme and the objectives set out therein, in accordance with paragraph 23(e) of the Governing Instrument for the GCF;
- (d) Also approves an administrative budget for the Green Climate Fund Secretariat found in table 7 of section 4.4 of document GCF/B.34/14/Rev.01 for the period 1 January 2023 to 31 December 2023 in the amount of USD 93,621,706 which includes USD 26,912,609 in new funding, as well as the USD 66,709,097 for 2023 staff salaries and emoluments that was approved by the Board in decisions B.27/07 and B.30/06;
- (e) Recognizes that the new funding of USD 26,912,609 includes a contingency budget of USD 1,835,720. The contingency budget will be used to support both the Secretariat and the independent units;
- (f) Requests the Budget Committee to review the budget execution during 2023 and acknowledges that the Secretariat may present an additional budgetary request to the Board for consideration at its thirty-sixth meeting;
- (g) Also requests the Executive Director to consult with the Budget Committee on the allocation of the contingency budget;
- (h) Approves USD 73,389,206 for projected staff salaries and emoluments for 2025;
- (i) Also approves a budget for the Board in the amount of USD 5,415,346 as found in table 6 of section 4.3 of document GCF/B.34/14/Rev.01; and
- (j) Further approves a budget for the Trustee in the amount of USD 3,116,000 as included in table 20 of section 4.7 of document GCF/B.34/14/Rev.01.

---

<sup>1</sup> This target aligns with a projected USD 1.2 - 1.7 billion available for funding proposals in 2023 after deducting for administrative expenses, accredited entity fees and forex risk management.

## **Annex II: Work programme of the Secretariat for 2023 and administrative budget**

### **I. Introduction**

1. The GCF 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 Board, under the GCF’s Updated Strategic Plan for 2020-2023 (USP) has further articulated the Fund’s long-term strategic vision as: (a) Promoting the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development; and (b) supporting developing countries in the implementation of the Paris Agreement and the United Nations Framework Convention on Climate Change (UNFCCC) within the evolving climate finance landscape. Under the USP, the Board also set a series of strategic objectives, strategic priorities and operational priorities to guide the Fund’s strategic programming, policies and work programming over the GCF-1 period.

2. To support implementation of this vision, 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 progress on key work programme targets.

3. The 2023 work programme and budget covers the final year of implementation of the GCF Updated Strategic Plan for 2020-2023 (USP). It accordingly builds upon the major workstreams and initiatives advanced under the Secretariat’s 2021 and 2022 work programmes, to seek to deliver the goals and priorities set by the Board under the USP, and in particular, progress specific actions that remain outstanding. The delivery of the Board’s USP portfolio targets, deployment of readiness support to strengthen developing country capacity for transformational planning and programming, implementation of the DAE action plan, strengthening of results, portfolio and risk management systems, delivery of the Board workplan, implementation of readiness and programming efficiency initiatives, and strengthening of institutional capacities and rollout of the Fund’s digital agenda are ongoing initiatives that will continue into 2023.

4. At the same time, the 2023 work programme recognizes that many of the USP priorities operate over a longer than four-year horizon, and through a series of recent Board decisions – including the adoption of an updated accreditation framework and project specific accreditation approach (PSAA), private sector strategy, guidance on adaptation, updated simplified approval process (SAP) and ongoing work on an accreditation strategy, updated readiness strategy and new instruments such as local currency financing – the Fund has and continues to significantly evolve its operations and programming. The 2023 work programme correspondingly seeks to evolve and recalibrate the work of the Secretariat, through embedding a sharper focus on key results aligned with evolving Fund priorities, and pivoting resourcing to deliver these. It also aims to ready the Secretariat for the next phase of GCF programming, as the Fund engages in strategic planning for its second replenishment process.

5. In this regard, the 2023 work programme builds on the significant achievements already delivered in GCF-1, as well as lessons learned from successes and challenges in execution. The Fund is on track, by the end of 2022, to program over USD 11.5 billion in climate investments, reaching near to USD 45 billion in assets under management, through full execution of

commitment authority. Over the last year, the Secretariat has driven efforts to re-shape the portfolio toward the Board's goals on adaptation : mitigation balance, significantly increasing Direct Access Entity (DAE) funding, and diversifying private sector programming to deliver catalytic impact through de-risking and pioneer adaptation investments. The Fund has seen over 80% of its portfolio enter implementation – up from just 50% in 2020 – with significantly matured approaches to portfolio, results and risk management. Operational policy gaps have been substantially closed. The Secretariat has also strengthened institutional capacities through comprehensive process codification, digitalization and building toward a full-strength, expert workforce in line with the Board's decision on the USP capability review. The 2023 work programme seeks to consolidate these outcomes and mainstream them into regular operations.

6. Experience has also shown there remain opportunities to do better, through changes at both strategic and implementation levels. For the 2023 work programme, access is a central – and multidimensional – theme of focus. Access means different things to different stakeholders, and the Secretariat is working on four main dimensions of access: speed, simplicity, volume and direct access. In terms of speed and simplicity, the GCF can now provide one of the fastest sources of finance for larger scale initiatives, and its actively streamlining its readiness processes to raise speed of delivery for smaller grants. For 2023 it will also pursue efforts to improve the coherence and consistency of process and policy implementation, including opportunities for harmonization with other climate funds. In terms of volume, while the GCF accounts for only 2-3% of finance within the UNFCCC's USD 100 billion goal, the Fund is working to catalyze wider sources of finance including through greening financial systems and enhancing access to capital markets. For direct access, the Fund has also been increasing its DAE programming and this will remain a central focus into next year. In the context of the 2023 work programme, access also links into how the GCF can be more effective in deploying its support programmes, including readiness, adaptation planning and country programming support, to help countries and accredited entities (AEs) originate impactful, country owned climate investments that are 'GCF-ready' at entry. It links into how GCF plans to engage and manage its growing portfolio of AE partners, to better match capabilities to programming delivery. Access also dovetails into what more GCF can do, working with its partners, to harness learning from results to date, in order to feed this back into improved programming and process outcomes. In 2023, the Secretariat will continue to support the Board in addressing the strategic and policy dimensions of access, while seeking continuous improvement on the operational front.

7. The 2023 work programme and budget takes up these and other focus areas through a updated set of six Secretariat objectives. As in the past, the 2023 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. The six objectives instead revise the previous 'six priorities' from the Secretariat's 2021 and 2022 work programmes to bring a sharper focus on *intended results* aligned with the delivery of the USP, the Board's programming goals, and recent strategic and policy priorities. The Secretariat has used this lens to pinpoint and prioritize the major initiatives it considers can best contribute to the intended results, and prioritize associated resourcing. It will also enable the Secretariat to better link intended results and associated risks. The six objectives are:

- (a) **Objective 1. Advancing developing country capacity and tools to translate Nationally Determined Contributions (NDC), National Adaptation Plans (NAP) and Long-Term Strategies (LTS) into climate investments.** This will be done through the Secretariat's deployment of expert technical support, and also reorienting readiness to help mainstream use of climate information/analyses and financial source analysis in investment planning and origination; as well as through strengthening DAE capacity for climate programming and implementation;

- (b) **Objective 2. Building a pipeline of ambitious funding proposals that meet the GCF's portfolio targets.** This will be done by focusing the Secretariat's origination, project development and appraisal efforts on advancing country-owned DAE, private sector and adaptation funding proposals, particularly for SIDS/LDCs/Africa to meet the Board's portfolio targets; driving outcomes on innovation, de-risking finance at scale and strengthening national financial systems in line with the USP and thematic programming strategies; and accelerating deployment of the SAP;
- (c) **Objective 3. Strengthening delivery of climate results.** This will be done through the Secretariat working with GCF's partners to deliver the GCF portfolio on time, on scope and on budget; adaptively managing to adjust to unforeseen conditions and maximize prospects of project success; and harnessing knowledge and learning to identify ways to further improve climate investment design, delivery capacities and GCF processes;
- (d) **Objective 4. Enhancing access to GCF financing.** This will be done by addressing access as a multidimensional issue, particularly across the dimensions of speed and simplicity: ensuring GCF has the right partners to deliver developing countries' programming needs through a more strategic approach to accreditation and rollout of PSAA; helping partners make best use of programming guidance and tools to prepare GCF-ready proposals with higher quality at entry; and continuing to close policy gaps and simplify, harmonize and improve implementation of Fund policies and procedures;
- (e) **Objective 5. Nurturing world class climate finance expertise and organizational performance.** This will be done through the Secretariat recruiting and investing in the talent of our people, and fostering a culture based on our GCF values; supporting effective governance; and ensuring the Fund is equipped with the institutional systems and processes to deliver with integrity, efficiency and effectiveness;
- (f) **Objective 6. Helping to deliver a successful second replenishment for GCF.** The Secretariat will support the Board in the strategic planning and replenishment process through widely communicating GCF results; developing a compelling programming vision and value-proposition for the Fund's next programming period; and engaging globally to build political and financial support for the replenishment.

8. The accompanying results framework set out in Annex V has also been updated in line with these six objectives, to measure key indicators of progress toward each of the above intended results. A value flow analysis logic model has been used to create a streamlined set of corporate key performance indicators (KPIs) which are focused on measuring progress toward key intended results. This puts the Secretariat in a better position to track its work programme performance against its objectives, as well as the wider strategic and operational priorities set under the USP and related Board strategies. In addition to the results-oriented KPIs proposed in Annex V, the Secretariat will also substantially evolve its systems for monitoring key metrics across all key business processes, to enhance performance management of core business activities and transparency of reporting to the Board.

9. The budget proposed for implementation of the 2023 work programme is grounded firmly in the Secretariat's resourcing strategy of building a full-strength staff workforce to advance implementation of the Fund's core operations and the priorities set by the Board under the USP. It seeks to maximize deployment of the resources approved by the Board under the USP capability review to aggressively scale-up staff headcount, while reducing reliance on individual consultants to stop-gap headquarter capacity gaps. But the budget is also premised on a work programme that seeks to respond to an ever-more sophisticated range of funding modalities, instruments, strategies and policies approved by the Board, as well as a growing and increasingly complex portfolio which the Secretariat bears the fiduciary responsibility to manage. It accordingly proposes prudent increased investment in key areas – principally

through contractual services, travel and ICT – to ensure the Fund is fully equipped to access the expertise, systems and data to manage both known and unknown risks; meet high expectations of partner engagement, access and delivery; and add-value through the capture of knowledge and learning. Other operating costs and depreciation also grow to reflect necessary investments in physical space to house the GCF’s growing staff complement and ensure staff safety and business continuity. This is a prudent budget increase which maintains a high level of overall efficiency, with Fund operating costs standing at just 0.7% of assets under management.

10. While the work programme presents related initiatives in an integrated manner, as in past submissions, the 2023 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 describing both the broad work of each of the units and their priority 2023 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 2022 work programme.

## II. Secretariat strategic objectives for 2023

### 2.1 Advancing developing country capacity and tools to translate NDCs, NAPs and LTS into climate investments

11. Objective 1 is “**Advancing developing country capacity and tools to translate nationally determined contributions (NDC), national adaptation plans (NAP) and long-term strategies (LTS) into climate investments**”. This objective covers support provided by the Secretariat through its in-house climate experts, expert networks, and administration of technical assistance, readiness and PPF to help national designated authorities (NDAs), direct access entities (DAEs) and other developing country stakeholders institutionalise the capacity and tools to design climate investments to deliver country ambitions. In line with the first strategic objective of the USP on **strengthening country ownership of programming**, this objective aims overall to reinforce the GCF’s country-owned approach, by equipping developing countries to be in the driver’s seat of climate investment planning. While support related to this objective– particularly through readiness – has a broad and flexible scope, for 2023 the Secretariat proposes to take cues from the latest strategic policy thinking that indicates GCF has the greatest potential to value-add toward NDC/NAP/LTS implementation by supporting three key actions: (1) ensuring developing countries and DAEs are able to access best available climate information and analyses to inform investment origination; (2) ensuring NDAs, DAEs and national financial institutions have access to the expertise, methodologies and tools to use climate analyses in investment design, pricing and risk assessment; and (3) equipping NDAs working with their investments partners to analyze and match different sources of finance to their intended programmes of investments, through a prioritized investment planning process that helps identify and originate ‘best fit’ project concepts for GCF, as well as other financiers.

12. The key initiatives under this objective are drawn from lessons learned from programming experience as well as analysis of results delivered by readiness investments to date. This shows that **many preliminary project concepts submitted to the GCF, including those developed by readiness, through adaptation planning support, or identified in country programmes can struggle to find a pathway through the GCF investment process**, because they are not sufficiently clearly derived from an analysis of the adaptation and

mitigation challenges or opportunities that are most significant in the relevant country or region; or because they have not fully considered appropriate matching of different financial sources to different types of project ideas. The proponents of these project ideas, including NDAs and DAEs, also in many cases lack access to the experts who could help draw the dots between climate information and analyses, project design and financial structuring. Connecting these dots is critical to advancing NDC, NAP and LTS implementation; particularly when the GCF is already making significant investments in climate information, emission scenarios, risk and vulnerability assessments that could be leveraged into investment origination.

13. The Secretariat proposes to make addressing these access challenges a key line of focus in its 2023 work programme through a series of parallel initiatives. The first will involve deploying the Secretariat's **internal network of climate experts to guide and train key developing country partners, connect them with the needed tools and expertise, and build collaborations to expand best practice guidance and climate resources**. The Secretariat's 'Climate impact network' (CNET) will work closely with the Division of Country Programming (DCP) to make the best use of NDA, delivery partner, and DAE engagement to build understanding of climate-evidence driven investment development, and also better understand needs and capacity gaps. Related technical assistance from consultants and firms on the Secretariat's roster has been in high demand, and in 2023 the Secretariat will **expand deployment of this on-call technical assistance to guide and assist NDAs and DAEs in utilizing climate analysis in investment origination**. Building on the Fund's guidance on adaptation and mitigation impact potential, and collaboration with the World Meteorological Organization on a climate information platform, CNET will also spearhead delivery of a more comprehensive series of climate training and knowledge resources. It will do so by building collaborations with global and local experts to consolidate best practice resources, methodologies and knowledge, including drawing on traditional, local and indigenous knowledge and practices. There is also significant potential to **harness the results of the Fund's investments to date in climate information and early warning systems, climate risk and vulnerability assessments, and new methodologies for assessing and pricing climate risk**, to accelerate climate-evidence driven programming.

14. As identified in the USP, the readiness and preparatory support programme remains a key tool to support this objective, and following the Board's mandate from B.33 the Secretariat will focus on developing an **updated strategy for the readiness programme** for Board consideration by B.35. In parallel, the Secretariat will be engaging NDAs, DPs and DAEs to encourage partners to **build measures into readiness proposal design that support better use of climate analyses and tools and institutionalizing needed climate expertise**. NAP and adaptation planning support can also play a critical role in generating climate risk, vulnerability and sectoral assessments to support integrated resilience planning and strong investment design. The Secretariat can also leverage learnings on Climate Resilient Infrastructure from the Jamaica Pilot to strengthen upstream engagement with NDAs/DPs and AEs on integrated resilience planning. These are all steps which, based on lessons to date, can help maximize the prospects of readiness and adaptation planning support translating into investable climate projects. More **concrete guidance under an updated Readiness Guidebook (now in progress), focused training and outreach with delivery partners, and enhanced support for co-development of readiness proposals** will play an important part in maximising the delivery of outcomes. Readiness will also continue to be available to support strengthening of developing country national capacities, stakeholder and private sector engagement, enabling environments and investment origination. Within these wider readiness outcomes, the Secretariat will be drawing on the IEU's evaluations on SIDs and LDCs to examine how readiness can better **help countries with limited capacity to supplement their national resources** to enable effective country-driven climate planning and access GCF support; as well as **piloting collaborations to develop new methodologies for pricing climate risk into infrastructure**

**investments**, building on critical infrastructure assessments. The Secretariat will also continue internal efforts to improve readiness programme delivery efficiency through full rollout of its readiness action plan.

15. In line with the USP and prior work programmes, ongoing implementation of a multi-year **Direct Access Action Plan** will continue to be a focus through 2023. As part of developing the updated Readiness Strategy, the Secretariat will examine how **readiness modalities can be evolved to offer more secure and predictable end-to-end support to DAEs to build climate programming and implementation capacities**. This is critical to allow DAEs to institutionalize the capacity needed to carry climate programming, implementation of approved projects, as well as be equipped for full implementation of GCF policies. It could allow DAEs to trial measures such as expert placements to serve as embedded resources for managing GCF programming engagement. While implementing the Direct Access Action Plan will draw on efforts across the Secretariat, as part of its staff scale up the Secretariat aims to onboard within DCP dedicated full time resources for coordinating DAE engagement. This coordinated engagement will include **regular interdivisional meetings to review DAE pipeline, dedicated DAE programming missions to mature project pipeline, using IAE engagement and reaccreditation reviews to deliberately promote IAE-DAE collaboration, and supporting DAE peer to peer learning**. Work will also continue to curate onboarding/training programmes to ensure DAEs have ready access to step-by-step information to help them navigate accreditation, programming, implementation and policy processes, and meet key GCF requirements such as narratives on climate impact potential and logframes. Dovetailing into the initiatives described above, the Secretariat will also continue to prioritize its internal expert and technical assistance support to move DAE concept notes and funding proposals through the project review, approval and implementation cycle, helping DAEs address review feedback or other requirements. As directed by the Board, in totality these efforts will strive to capacitate a **wider number and diversity of DAEs to successfully undertake programming with GCF**.

16. The final key element to the USP priority of strengthening country-ownership of programming is refocusing country programmes. The USP's ambition was for country programmes to serve as a **key tool to translate NDCs, NAPs and other national climate strategies into country-driven investment programmes**, identify the top priority projects ideas for each country or region, preferred AEs and how to structure and mobilize potential sources of finance. While the GCF Secretariat has now received 72 country programmes either endorsed or in significantly advanced drafts, a lesson learned has been that further work frequently needs to be done to identify from potential project pipelines which project ideas are 'best fit' for the GCF in terms of climate impact potential and financial needs, and which project ideas might be better address through different financial sources. To ensure that best use can be made of country programmes, the Secretariat will **strive to equip NDAs working with their investment partners to undertake investment planning based on a 'financial engineering' approach**: analysing whether project interventions require policy de-risking, financial-de-risking, public or private financial support. This should allow countries to 'match' different financial sources, including the GCF, to different types of proposed interventions, ultimately serving to maximise the sources of funding available to them. Support through the readiness programme, as well as expert external advisers contracted by the Secretariat, will continue to be available to NDAs to support prioritized investment planning through country programmes. The Secretariat understands that clear guidance from the Fund is also key to improving outcomes in this area, and will roll this out on the basis of the updated Readiness Guidebook, as well as reviewing related policy setting through the update of country ownership guidelines.

## 2.2 Building a pipeline of ambitious funding proposals that meet the GCF's portfolio targets

17. Objective 2 is “**Building a pipeline of ambitious funding proposals that meet the GCF’s portfolio targets**”. This objective covers the origination, project development and appraisal work delivered by the Secretariat’s experts in collaboration with AEs, supported by readiness and PPF, to advance a pipeline of country-owned, high-impact mitigation and adaptation investments in line with the portfolio targets set by the Board under the USP. It also serves to advance the qualitative strategic programming directions set out under the second and third strategic objectives of the USP, on **Fostering and paradigm-shifting portfolio** and **Catalyzing private sector finance at scale**. Through active pipeline development efforts, the Fund’s portfolio is now firmly directed toward meeting the USP targets, with increases in adaptation, DAE and innovative, de-risking PSF investments approved up to 2022. The Fund also now has in place a Private Sector Strategy, guidance on adaptation and Direct Access Action Plan which provide enhanced qualitative direction on the actions to be taken to meet the USP goals. While keeping a firm eye on meeting targets for the end of 2023, the 2023 work programme also recognizes that building an **ambitious funding proposal pipeline is a multi-year effort for the GCF and its partners that spans programming periods**, and one that is guided by the Fund’s long-term vision and thematic programming strategies. Accordingly, the initiatives identified under the 2023 work programme to support this objective are also designed to set up the Fund for longer-term programming ambition and success.

18. Overall levels of funding proposal programming for 2023 are guided by the Fund’s financial plan, and aim at targeting **full deployment of commitment authority in line with the USP objective of committing 95% of available GCF-1 resources by the end of GCF-1**. According to the GCF-1 Financial Plan, which is regularly updated on the Board Portal, there are several scenarios for available commitment authority in 2023, ranging from approximately USD 1.5 billion under the current contribution payment schedule, to around USD 2.2 billion if additional commitment authority materializes through the advancement of contributions. From these amounts, funds will need to be set aside for accredited entity fees, administrative expenses and managing the foreign exchange commitment risk buffer. Taking account of these expenses and the various commitment authority scenarios, the Secretariat proposes **to advance a pipeline of USD 1.6-2.1 billion in funding proposals to iTAP in 2023**. As set out in Table 2 in the below section on key programming and implementation metrics, this overall programming target has been broken down into disaggregated targets for adaptation (with SIDS/LDC/Africa breakdown), DAE, PSF and SAP. As in 2022, balancing these portfolio goals will demand an **active approach to pipeline management**, with the Secretariat expecting to review a significantly larger volume of project ideas, concept notes and funding proposals than the final numbers reviewed by the ITAP and approved by the Board. Even with best efforts on origination and project development, the Secretariat recognizes that trade-offs may be required if the mature pipeline does not generate sufficient or the right types of projects to meet all goals simultaneously. The Secretariat will keep the pipeline and GCF-1 goals under regular review through its internal Climate Investment Committee and advise the Board of progress.

19. Based on progress made to date, what is clear is that meeting the USP targets requires a continued focused through 2023 on **boosting DAE and Private Sector Facility (PSF) programming, as well as adaptation funding proposals for SIDS, LDCs and Africa**. Efforts will also be undertaken to maintain a positive trajectory on the Fund’s targets of delivering portfolio mitigation and adaptation impacts exceeding IRM levels. Delivering this programming will require collaborative Secretariat engagement with GCF’s partners, triangulating between NDAs and AEs to accelerate pipeline that delivers in the needed portfolio focus areas. Waning of the COVID-19 pandemic will open the door to resumption of in-person programming missions, and **regional and global programming dialogues will also provide key avenues to forge partnerships around promising project and programme ideas, including co-investment opportunities**. The implementation of the Direct Access Action Plan, as described above, and rollout of PSAA will expand opportunities for investment origination and development. In line

with recently adopted thematic strategies on the private sector and adaptation, the Secretariat will also encourage NDAs to make use of readiness resources to support enabling environments and pipeline origination in focus areas; the Secretariat will also propose **updated modalities for the Project Preparation Facility (PPF)** to improve synergies with readiness and maximise impact in advancing promising concept notes toward investable funding proposals.

20. Following the Board's adoption of the Private Sector Strategy, and noting that further headway needs to be made to meet the USP target on allocation to the PSF, 2023 also anticipates a **significant uptick in private sector programming engagement**. Based on the new staff headcount approval under the USP capability review, the Secretariat has **strengthened the capacity of the PSF to equip it for private sector strategy delivery**. Rollout of the private sector engagement plan over 2023 will include initiatives dedicated to enhancing private sector engagement in SIDS and LDCs; promoting a focus on local private sector and micro-, small- and medium-sized enterprises (MSMES); and striving to maximize catalytic impact through further anchor investments in innovative equity vehicles, provision of scarce, early-stage capital financing for new mitigation and adaptation technologies, business models and practices, and de-risking high impact climate projects to crowd-in private sector finance. PSAA will afford the opportunity for the PSF to work with an expanded set of partners to deliver programming in areas where the regular AE pipeline is not ready to go. From 2023 the Secretariat also aims to start **reporting mobilized private finance** utilizing the methodology developed under the CF policy on co-financing. Both readiness and funding proposals will also continue to support **the strengthening the capacity of national financial systems to deal with climate risk**, including through the establish of dedicated climate financing vehicles such as national green banks, and through development of methodologies to allow central banks, regulators and other investors to better assess and price climate risk. Continuation of the successful series of **Global Private Investment for Climate (GPIC) conferences will create opportunity for stronger partnerships between NDAs and country representatives and private sector partners** who can help magnify the impact of public climate finance.

21. To support the USP's qualitative programming ambitions on driving paradigm-shift, a further focus of the Secretariat's work in 2023 will be implementing **new initiatives and instruments to facilitate fuller exercise of the GCF's risk appetite to support innovation and catalytic impact**. The Secretariat will act on the B.33 mandate to develop for Investment Committee review and Board consideration a local currency financing pilot programme that addresses current barriers and risks associated with currency fluctuations at the programme/project level. It will also examine ways to strengthen deployment of the Fund's current financial instruments, and options for engaging through a wider set of instruments, such as insurance, Special Drawing Rights and climate swaps. These will be substantial bodies of new work, and also critically dependent on the Fund having the right tools to enable educated risk-taking. It will accordingly be linked to the implementation of an updated risk management framework and the Board's consideration of associated risk management tools such as a policy on hedging. Subject to Board approval, the Secretariat will also seek to drive innovation through implementing a **request for proposals on technology incubators and accelerators**, while continuing to target opportunities for innovation through regular pipeline development. The Secretariat also stands ready to support the Board in a broader review of the GCF's use of RfPs and their potential future deployment as tools to stimulate programming in underserved areas.

22. The Board's approval in 2022 of an update to the Simplified Approval Process (SAP) – and most notably an expansion in the scale of SAP projects to a total GCF contribution of USD 25 million – will provide an opportunity to **expand deployment of the SAP**, particularly for DAEs and adaptation projects in SIDS/LDCS/Africa. Because past experience has shown that AEs often have limited incentives to invest in developing smaller-scale SAP projects, or as new DAEs may be building climate programming capacities for the first time, a key initiative for 2023 will be to

craft ‘fast-tracking’ SAP packages for highly replicable, low-risk interventions across areas such as energy access, early warning systems and green banking. SAP delivery will be reinforced by a building of staff and outsourced capacity to review SAP proposals and examining options for further simplification of legal and post-approval processes. The 2023 work programme results framework includes dedicated KPIs for this initiative, in line with the Board’s request to include granular and progressively ambitious KPIs for the SAP, covering new SAP approvals (6-9), response times for Secretariat reviews and a new KPI on response times for post-approval FAA execution. Another focus for the SAP will be capturing opportunities to **scale-up successful projects from other climate funds**, including the GEF and Adaptation Fund. This will be one of the key pillars for advancing the GCF’s agenda on complementarity and coherence in 2023, work that will carry forward implementation of the GCF-GEF long-term vision, engagements with the Adaptation Fund, potential programming collaboration with CIFs, and other climate finance delivery channels, in addition to a range of activities on capacity building and knowledge management to support in particular direct access entities.

23. Finally, all the Secretariat’s work on building the GCF’s portfolio will continue to **advance best practices in safeguarding and integrity**, building on the GCF’s excellent track record to date of maintaining adherence and compliance with its Environmental and Social Policy, Gender Policy, Policy on Prevention and Protection from Sexual Exploitation, Abuse & Harassment, Indigenous Peoples Policy, and Prohibited Practices policies.

## 2.3 Strengthening delivery of climate results

24. Objective 3 is “**Strengthening delivery of climate results**”, which serves to advance the USP operational priority on **strengthening implementation, results and knowledge management**. This objective covers one of the most important – and still expanding – fiduciary responsibilities of the Secretariat, which is to work hand-in-hand with the GCF’s partners to deliver the Fund’s fast-growing, multi-billion portfolio of readiness and funding proposals on-time, on-scope and on-budget; adaptively manage the portfolio to respond to unforeseen circumstances and risks, and maximise prospects of project success; and to harness knowledge and learning to identify ways to further improve investment design, delivery capacities and GCF processes. This is an area where the Secretariat has committed significant resources and effort in recent years to strengthen the Fund’s portfolio management, results management and risk management capacity and systems, including through implementation of the Integrated Results Management Framework (IRMF) and Evaluation Policy, developing a readiness results management framework (RRMF), building portfolio management and risk flagging systems, establishing an assets and liabilities committee, and strengthening guidance and training. Work in 2023 will strive to consolidate this progress into core operations, while also ensuring that the Fund is able to equip itself with **more sophisticated tools to pinpoint and address critical risk points in its growing multi-billion-dollar portfolio**, and to analyse and capture learning to improve climate results. Critically, this is work that engages not only the Division of Portfolio Management, but also the Secretariat’s finance, risk, compliance, sustainability and legal teams, and requires concomitant cross-cutting capacity to avoid implementation bottlenecks.

25. Initiatives under this objective will be guided by the ambitious USP operational target of having **90% of the funded activity portfolio under implementation by the end of 2023**. Building on the Secretariat’s efforts to speed up negotiation and signature of FAAs and related post-approval processes, at the time of developing this work programme 83% of the GCF portfolio is under implementation, up from just 50% in 2020. While the Secretariat is committed to taking all steps within its power to accelerate implementation processes to meet the ambitious GCF-1 goal – including reducing conditions attached to approvals, clarifying handover protocols, consolidation of implementation responsibilities in the Division of Portfolio

Management, and automation of systems for disbursement and financial management – collaboration with GCF’s partners will be equally key to the deployment and expenditure of resources on the ground. As a result of efforts and the maturing portfolio, the Secretariat projects **disbursements for funded activities of USD 728 million to 1.063 billion in 2023**. The Secretariat also anticipates maintaining an implementation rate for the readiness portfolio of over 90%, with disbursements of USD 51 million. As this is only the first step towards having GCF resources deployed to the people and communities that need it most, the Secretariat will also, through its engagement with AEs, **monitor and identify key barriers to implementation which drives expenditure**, with a view to advise and support on corrective measures that can help speed up implementation and deployment on the ground. Evolving financial management systems to mirror the growing sophistication and complexity of the GCF’s investment portfolio, through the **rollout of an GCF financial management suite (GFMS) and more sophisticated portfolio valuation tools** will also be essential investments to ensure the Fund is equipped to manage an increased volume of disbursements, reflows, and more complex financial reporting.

26. Over the last couple of years the Secretariat has made **significant investments in portfolio, risk and results management systems**, to ensure the Fund is equipped to efficiently and effectively manage the large and increasing number of transactions on the portfolio management side of operations: including reviewing reporting and evaluations, managing minor and major change requests, and more broadly monitoring and adaptively managing the portfolio to respond to unforeseen circumstances and risks, and maximise prospects of project success. Projected activity levels for this significant and growing body of work are captured in Tables 1 to 3 of the following section on major performance metrics, covering readiness, funded activity and accreditation processes. Over 2023 the Secretariat will continue the multi-year effort of consolidating its core processes and systems in this area, while also **leaning into more proactive portfolio risk identification and management**. This will be done through a series of initiatives. First, based on an updated risk management framework and the digitized risk flagging capabilities of the portfolio performance management system (PPMS), the Secretariat will run **continuous risk-based monitoring of the portfolio**, serving as an early warning system to trigger engagement with GCF’s partners as needed. Second, following through on its mandates under the monitoring and accountability framework, the Secretariat will seek to enhance **on-ground project spot checks where risk systems indicate the value of follow-up, through both staff site visits and deployment of Fund Agents** where particular problems are identified. The Secretariat will also continue its **close collaboration with the Independent Integrity Unit (IIU) on proactive integrity reviews**, as well as responding where problems are identified by the IIU or Independent Redress Mechanism. To support the timely processing of change requests the Secretariat will also be looking at standardizing the approach and standards for dealing with adaptive management requests, including examining appropriateness of decision-making delegations. This is especially pertinent to facilitate adjustments arising from COVID impacts on countries and projects.

27. As portfolio size and complexity grows – and particularly as more programmatic funding proposals, covering hundreds of sub-projects, enter implementation – the Secretariat expects that the GCF may also **need to re-examine its policy settings and templates on the implementation side**. This would look at the monitoring and accountability framework, information disclosure policy and environmental and social disclosure and engagement requirements, in concert with AMA provisions and the Fund’s risk management framework, to ensure that the policies are coherent and remain fit-for-purpose, striking the right balance in delivering transparency and accountability for performance, while not exposing GCF to risks and liabilities that it does not have the capacity under its second-level business model to manage. As the portfolio matures, the number and variety of issues identified in the course of implementation, requiring timely GCF response, will also naturally increase, meriting a **review**

**of the policy on restructuring and cancellation to ensure this provides the agility to respond to a growing number of adaptive management and restructuring requests.**

28. The final key area of work for 2023 under this objective will be **strengthening capture of knowledge and learning from linked systems for monitoring, evaluation and results management**, to harness the knowledge value of the GCF's investments and feed them back into improved climate results and organizational performance. There remains a clear and urgent need to substantially build GCF's understanding of what results its investments are delivering and how they are being delivered. This work starts from **robust pre-approval planning for M&E to integrate evidence generation and results monitoring in proposal design** and legal arrangements, work that is supported by a series of training and products on designing Theories of Change, logical and M&E frameworks for both readiness and funded activities to improve the coherence, consistency and credibility of results reporting. The Secretariat will also continue its collaboration with AEs under the related Board mandate to remediate M&E gaps in the portfolio; as well as internal work to clean and improve the reliability of reported results data, particularly the analysis of GHG emissions and adaptation beneficiaries. Next, the Secretariat will build on its initial pilot in 2022 to build a learning loop for readiness results, by **seeking to expand learning loops to build regular, evidence-based feedback cycles from results to programming** across funded activities process. This will help mainstream learning into GCF processes capturing its ambition to operate as a continuously learning institution. This effort will enable and complement other knowledge management activities, including showcasing results and best practices, and facilitating peer learning to feed into an expanded set of knowledge products and updated Fund guidance that can magnify the impacts of the Fund's investments. Taking up the mandate under the Evaluation Policy, from 2023 the Secretariat also hopes to be able to **initiate its first Secretariat-led evaluation** to probe into results that not covered by the normal within-project-lifecycle evaluations undertaken by delivery partners and AEs. This will be complemented by Transition Area Portfolio Reviews (TAPRs) that can inform programming as well strategic direction. Building a clearer understanding of the results GCF investments are delivering and what could be replicated or improved will provide critical inputs to GCF's second replenishment.

## 2.4 Enhance access to GCF financing

29. Objective 4 is "**Enhancing access to GCF financing**", which as mentioned in the introduction has been established as a dedicated new objective for the 2023 work programme. As noted above, access is a multi-dimensional issue, which touches on dimensions of speed, simplicity, harmonization, volume, flexibility and direct access. While objectives 1 and 2 speak to the dimensions of volume, flexibility and direct access, initiatives under objective 4 aim to tackle the dimensions of speed, simplicity and harmonization through three main areas of action. First, access is likely to be most significantly enhanced where GCF partners have the capacity to prepare high quality, 'GCF-ready' proposals at entry and meet GCF policy requirements: since track record shows these proposals move most smoothly and rapidly through the investment process. Second, GCF can from its side continue to pursue policy measures – such as closing gaps, improving coherence and streamlining requirements – and process measures – such as improving consistency of implementation, harmonization and simplification – to improve the internal efficiency and effectiveness of delivery. The third dimension of access lies with GCF partners: here, the Board is actively examining whether accreditation and reaccreditation processes are effectively shaping the partnership network needed to deliver developing countries climate programming priorities; rollout of PSAA presents new access opportunities in 2023. Country ownership principles and stakeholder engagement are also key dimensions of access which factor into the Secretariat's priority

initiatives under this objective. In line with this multi-dimensional approach to the key matter of access, this objective supports the delivery of the USP fourth strategic priority on **Improving access to Fund resources** – which relates principally to accreditation and partner engagement – as well as cross-cutting across the USP’s other strategic and operational priorities.

30. For the first action area on supporting access through improving quality at entry, key initiatives for 2023 will focus on **helping GCF’s partners make best use of the Fund’s programming guidance and tools to prepare GCF-ready proposals**. Over the last couple of years substantial Secretariat effort has been put into transparently codifying GCF processes and appraisal standards, through products such as the programming manual, appraisal manual and updated readiness guidebook (in progress). Sector guides for ten sectors have been developed and the complete package should be ready for Board consideration in 2023; the Secretariat is also elaborating in response to COP guidance how GCF can provide and facilitate access to resources for activities relevant to averting, minimizing an addressing loss and damage. These series of products aim to provide **instructional guidance to GCF’s partners on areas that have commonly held up review processes in the past** – such as establishing climate impact potential, understanding how the GCF applies its investment criteria to determine ‘investment fit’ for the GCF, applying the terms and conditions of the Fund’s financial instruments to determining pricing, and designing logframes and selecting indicators to measure results, to name a few. These products have also been specifically designed to help partners **understand how the GCF will appraise proposals upon receipt**, promoting more consistent reviews and also equipping GCF’s partners to “stress-test” quality before proposals are submitted. This work to promote quality at entry will go hand in hand with the body of work to strengthen NDA and DAE programming capacities under Objective 1, and to capture knowledge under Objective 3, and be reinforced through regular partner engagement and trainings.

31. The second action area focuses on ongoing efforts to **optimize GCF policies and processes**. On the policy side, the Secretariat hope in 2023 to support the Board to address **all outstanding, operationally significant policy mandates identified as part of the Board’s 2020-2023 workplan**. This will include advancing a number of policies that are individually significant to matters of access, transparency and stakeholder engagement, including the update of the country ownership guidelines, development of GCF environmental and social safeguards, update of the information disclosure policy and review of observer participation guidelines. Taking up the lessons from the 2022 overall review of GCF policies, supporting the Board in this effort to complete its 2020-2023 workplan may also involve retiring some open mandates that have been superseded by operational developments. Ensuring the ‘closure’ of policy gaps will also open the way for a **greater forward focus on coherence and consistency of policy implementation and policy knowledge management**. The Secretariat will seek to support work in this regard by taking up the overall policy review’s recommendations to further embed implementation planning both pre- and post- policy approval; consolidate its regular policy monitoring and progress reporting; help the Board rationalize and standardize the approach to policy reviews to better examine issues of coherence, implementation and impact, and look at policies as linked suites with a focus on issues of strategic significance; and identify where further operational-level guidance would help improve the consistency of policy interpretation and application. Subject to available capacity and resources, the Secretariat will also invest in the development of policy knowledge products, policy capacities of the Fund and its partners and digitalize policy process workflows. The Secretariat also stands ready to support the Board in institutionalizing a more consistent policy development and implementation framework Fund-wide across all bodies engaged in the policy function. A new initiative within this second pillar will be working under the **GEF-GCF long term vision to examine prospects for policy and process harmonization**, with both Funds committed to fund a study as a first step toward examining where access could be enhanced through greater alignment between the funds.

32. On the process side, the Secretariat will for 2023 **maintain and strive to improve performance against its service standards** for all major business processes – including accreditation, readiness, PPF, SAP and PAP concept note and funding proposal reviews, and implementation actions. The Secretariat is also **continuously seeking to learn from process execution and capture opportunities for further improvement**. In 2022 it launched two major initiatives – a comprehensive review and streamlining of the readiness process under a ‘Readiness Action Plan’, and a scrum-team based approach to innovating improvements in the funding proposal cycle through a ‘Programming Efficiency Initiative’ – and the implementation of both these measures will continue into 2023 as the Secretariat seeks gains in these and other areas to improve speed of delivery. The Secretariat will also continue into 2023 efforts to build **wider transparency of GCF operations, access to information and broad-based stakeholder participation**. Key initiatives in this space include continuing to translate key operational documents into all six UN languages as called for under the USP, enhancing public online access to GCF data via the GCF website and country and NDA portals, and seeking active engagement through programming and policy work with the Fund’s wide range of stakeholders, including local communities and authorities, civil society, indigenous peoples and private sector. The Secretariat will in also be expanding coverage of its Open Data Library (ODL) to include ex-post as well as ex-ante data on FPs, readiness and PPF.

33. The third – critical – dimension of access relates to the GCF’s partners. The USP explicitly recognizes that the success of both upstream engagement and downstream delivery depends on GCF having AEs with the context, experience, and capabilities to work effectively with countries to develop their climate priorities into paradigm shifting GCF investments, and deliver these. This is an area where the Board is actively considering a **more strategic approach to accreditation and reaccreditation**. This would be a critical measure to guide evolution of the Fund’s AE portfolio and the orientation of accreditation and reaccreditation processes, by: (i) helping to set clearer expectations for AE candidates up front, on what it takes to operate as an AE and the time that may be needed to build related internal capabilities; (ii) using more proactive AE selection, DAE capacity building and reaccreditation to strengthen the capabilities of the AE network in alignment with programme delivery needs; and (iii) striving for an AE network size that is more manageable for the Fund – in terms of ability to process accreditation applications, reaccreditation applications and AE partner engagement and reporting – as well as creating sufficient opportunity for AEs to access resources with each GCF programming period. If adopted, the Secretariat would refocus its work in 2023 on supporting implementation of the strategy, alongside the current **rollout of streamlining improvements under the updated accreditation framework, and the rollout of PSAA** to tap programming opportunities less well served by AEs through the regular pipeline. Mirroring the approach for readiness and funded activity approvals and implementation, Table 3 in the below section on key metric sets out projected output levels for the accreditation and reaccreditation process. Ensuring that both **accredited and reaccredited entities have signed and effective AMAs** is critical to full engagement on programming, and renegotiation of AMAs for reaccreditation applicants is expected to be a major area of work in 2023. Regular **AE engagement and performance monitoring** is also becoming increasingly critical as the Fund accumulates a track record of information on AE performance, including results in project delivery, contribution of IAEs to building DAE capacities and understanding the climate performance of wider AE portfolios.

## 2.5 Nurturing world class climate finance expertise and organizational performance

34. Objective 5 is “**Nurturing world class climate finance expertise and organizational performance**” and aligns with the USP operational and institutional priorities on **optimizing**

**operations, enhancing institutional capacity and aligning resources to achieve results.**

This objective covers three critical institutional pillars. The first is building a full-strength workforce and investing in the talent and skills of our people, while fostering a strong, positive culture based on our GCF values. The second is supporting effective governance, through accountability to the COP, support for the operation of Board and its Committees, and also in observing appropriate delineation in the responsibilities and accountabilities of the various bodies of the Fund. The third is ensuring the Fund is equipped with the full set of institutional systems and processes needed to deliver with integrity, efficiency and effectiveness. This is an area where substantial progress has been made, but there remains scope to improve and more fully digitalize some processes, enhance overall corporate performance management, as well as make more strategic use of the Fund's data.

35. At the heart of this objective is the precept that people are key to the success of the GCF. In line with the resourcing strategy set out in the USP capability review, the Secretariat will continue its focus through 2023 on **building a full-strength, diverse and talented workforce equipped with the core expertise in climate change and financing** that is critical to GCF's success. At the time of drafting this 2023 work plan, the Secretariat has around 223 staff on board, on a trajectory to move to 315 staff by the end of 2023. Delivering this staff scale-up will require a concerted direction of resources toward recruitment, and the 2023 budget includes additional measures to support an expanded suite of recruitment tools, subscriptions and specialized search firms to help GCF secure the world class talent it needs to deliver its mission. Building a strong and diverse team equipped for delivery will also be crucial in managing the transition of the Executive Directorship that is due for 2023.

36. Recruitment will go hand in hand with further evolution of the GCF employee value proposition and implementation of its People Plan, to promote skill development and training, wellbeing and work-life balance, effective talent management, and fostering a collaborative, value-based culture. A key initiative for 2023 will be investing in an overhaul of the performance management system, building a clearer **competency-based framework to support both performance management, skill development and professional progression**. This will enable fuller and fairer consideration of both what and how personnel are contributing to GCF's mission and empower managers to guide staff performance and development. Trainings for all managers on performance management will also be pursued, with a view to improve consistency of evaluations and foster a common understanding across all staff on valued behaviours. It will also be timely for an update to the **administrative guidelines on human resources and GCF salary structure** to finally come back to the Board in 2023, as part of a wider refresh of the approach to performance management and to ensure the Fund has the needed agility to attract and manage its growing workforce in line with modern best practices. The SMT and unit heads will lead efforts to successfully onboarding the joining cohort of new staff, through its commitment to fostering a **collaborative, high performing culture in line with GCF's core values**, nurturing potential through continuous learning, and inspiring innovation to ensure the Fund can deliver on its ambitious goals. A critical commitment for the Secretariat's management into 2023 will be continuing to invest in a **safe work environment, including reducing excessive work hours** through sustainable resourcing

37. The second pillar of this objective relates to Secretariat's support for effective **Fund governance**. This work is largely mainstreamed into the Secretariat's core operations through the ongoing support it provides for the conduct of the business of the Board, for the Co-Chairs' management of the Board, operation of Board committees and groups, and support in maintaining accountability to the UNFCCC COP through regular COP reporting and responding to COP guidance. The Secretariat's 2023 work programme is premised on a return to the regular three-meeting Board cycle in 2023. Key initiatives will see the Secretariat seek to enhance its ongoing support for the Board through further **evolving the programme of onboarding for**

**Board members, increased use of the Board Portal, and implementing more standardized governance support procedures** under its internal ‘governance manual’, including in support of Committees, between meeting decisions and Board consultations. This will build on the collaboration between the Secretariat and the Co-Chairs through 2022 to identify ways to better fulfil the mandate under decision B.23/03 to “continue to enhance the effectiveness of pre-Board meeting consultations in an open, inclusive, consultative and transparent matter”. Following the Board’s recent approval of Committee guidelines, the Secretariat will also be seeking to **systematise its support for the work of committees**, through more closely coordinating its committee focal point network in support of Committee work planning and delivery. Efforts will also be put into **expanding the functionality of the online Board portal**, to provide a one-stop shop for Board members to access onboarding materials, as well as current and historical information related to active policy and decision items on the Board workplan. Finally, the Secretariat also stands ready to support the Co-Chairs in **re-setting the Board workplan and associated policy cycle** in conjunction with strategic planning for the next GCF programming period, 2024-2027, as well as in further clarifying the interface and delineation of responsibilities and accountabilities of the various bodies of the Fund, to ensure the Fund enters its second replenishment on a firm footing of clear and effective governance.

38. The third pillar of action under this objective is ensuring the Fund is **equipped with the full set of institutional systems and processes needed to deliver with integrity, efficiency and effectiveness**. This is an area where the Secretariat has made substantial progress over the GCF-1 period, through vertical and horizontal alignment of strategic, work and individual performance planning; comprehensive business process codification, digitalization of all major client-facing business workflows; and most recently, mainstreaming a risk-oriented culture through instituting regular risk control self-assessment as well as continuing use of internal audits to issue-spot and course-correct. Further work for 2023 on the institutional and systems side will focus on a few main action areas. The first is ensuring that the Secretariat’s **corporate processes – including financial management, human resources, procurement and client relationship management – are able to reap the same benefits and efficiency gains from enhanced digitalization** as the client-facing processes have done in the past. This is reflected in the 2023 work programme and budget through the investment of substantial resources into the rollout of an enterprise resource planning system/GFMS, development of a constituency relationship management (CRM) system, and benchmarking of procurement processes, among other initiatives. Second, the Secretariat will seek to further strengthen its **internal corporate performance management through improving transparency of performance monitoring** across key processes. This will involve building a series of consolidated dashboards to enable real-time performance monitoring of core operational metrics – wider than the ‘key results’ measured through KPIs – which will help inform day-to-day organizational performance management, regular reporting to the Board, and allow the Secretariat to calibrate its progress against ‘measures of success’ for improving access. Together with evaluations, internal audits and other reviews, an improved corporate performance management system will also help the Secretariat identify and capture ongoing opportunities for efficiency and effectiveness gains.

39. Finally, the Secretariat will place enhanced focus in 2023 on **how GCF can better make use of its data as a strategic asset**. The Fund both ‘owns’ and has access through its partner and stakeholder networks to a veritable gold mine of data, which when combined with the current capabilities of digital systems and analytics, could offer huge potential value for informing the Fund’s programming, climate results and performance optimization. But capturing this value requires a strategic shift from the status quo, where data is used mainly to support routine processes, to conceptualizing GCF as a true ‘digital organization’ using data and systems to maximise value for its key clients – developing countries. The Secretariat will in 2023 seek to advance an **holistic data strategy that sets out a clear data vision, integrates various data disciplines across the Secretariat, and stress tests whether systems**

**capabilities, human resourcing and governance are fit for purpose.** In particular, a data strategy will align the Fund's overall business strategy with its digital agenda (focused on the four pillars of (i) Creating a Digital Workplace, (ii) Digitalizing Business Operations, (iii) Creating a Data Driven GCF and (iv) Digitalization of Collaboration and Engagement), work of its data council on data governance, quality and management, and initiatives such as the development of the GCF taxonomy and Data Factory, where a first use case will be geared toward improving data integration and infrastructure to support the portfolio performance and risk management. Getting the fundamentals right would open the way for the GCF to invest in more sophisticated analytical functions and interconnectivity with partners moving forward.

## 2.6 Helping to deliver a successful second replenishment for GCF

40. Objective 6 is "**Helping to deliver a successful second replenishment for GCF**". With 2023 being a replenishment year, this final objective has been introduced to capture the Secretariat's support for the Board in the conduct of a successful replenishment process, by widely communicating GCF results; developing a compelling programming vision for the Fund to be articulated through an update to the Fund's Strategic Plan; as well as engaging globally to build political and financial support for the replenishment. This work will be connected to the key milestones of the replenishment process agreed by the Board at B.33, as well as the key milestones for the Board's review and update of the GCF strategic plan. For the latter, the Secretariat will work in close collaboration with the Co-Chairs and Board to prepare a **further update of the GCF Strategic Plan for adoption by B.36**. This will refresh the Fund's strategic vision and objectives to more clearly articulate how GCF can help advance delivery of developing countries' NDCs, NAPs, LTS and other strategies to realize ambitious climate impact, and aim to establish a compelling programming value proposition with a clear results-focus. For the replenishment process, the Secretariat will **support the overall conduct of replenishment meetings and resource mobilization efforts** to pave the way for a and ambitious and successful pledging conference by September 2023. It will do this by preparing key documents such as the updated contributions policy for GCF-2, working with the Trustee on financial matters, as well as engaging potential contributors to build political and financial support for the replenishment. Critically, the Secretariat's work will not stop at pledging and the Board's endorsement of the replenishment outcome but will seek **expeditious conclusion of contribution agreements** in line with the threshold set for effectiveness of GCF-2 commitment authority, which will ready GCF for uninterrupted programming into the 2024-2027 period.

41. The Secretariat's wider work on communications, outreach and partnerships will also be directed toward supporting an ambitious and successful replenishment through 2023. Through regular cross-Fund coordination on messaging and outreach, the Secretariat will seek to build a **powerful narrative on GCF's achievements and climate results, as well as its programming strategy and value-add in the climate finance landscape**. This will draw on investment, as described under Objectives 3 and 5 above, in the Secretariat's management and analysis of GCF data and open data library, using evidence to portray GCF results and also equipping the Secretariat to rapidly respond to requests for information. The Fund's message will be delivered through an enhanced set of GCF communications products – including the Fund's annual report, stories on GCF projects, beneficiary profiles, and materials establishing the investment case for replenishment. The Secretariat will seek to amplify the GCF's profile through traditional and social media engagement and using the Secretariat's engagement in global and regional events to communicate widely about GCF and its achievement. Communications and information products will be translated into various languages to extend GCF's reach to different audiences. The Secretariat will also **leverage its partnerships culture and network**, particularly with AEs, to facilitate the dissemination of timely messaging on

project activities and results and strengthen the Fund’s brand on the ground. Outside of ‘regular’ partnership channels (AEs, DP and countries), the Secretariat will **engage in targeted strategic partnerships to expand the Fund’s access to global knowledge, expertise and opportunities build investment collaborations** that may not involve direct funding or contributions. Partnership efforts will be strategically focused on delivering substantive contributions to GCF programming and enhancing GCF’s profile, visibility and credibility.

42. Finally, in preparing for the start of GCF-2, the Secretariat will also **keeping under review the organizational capacities needed to deliver a new generation of programming**. This includes advancing **feasibility assessment for a potential GCF regional presence and liaison offices**, which experience to date has shown could be critical in bringing GCF closer to its partners for programming, and also closer to its projects on the ground for portfolio monitoring and risk management. With the Fund’s growing portfolio in mind, the Secretariat will also continue working with the Co-Chairs to pursue **all available avenues to secure wider privileges and immunities** – bearing in mind its assessment, as advised to the Board, 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, the Secretariat hopes to support the Board in 2023 in further examining other options towards fulfilling that Governing Instrument mandate. Finally, the Secretariat will continue to keep under review its organizational structure and capabilities to ensure these remain well fitted for delivery of the Board and Fund’s ambitions.

### III. Key programming and implementation metrics

43. For the 2023 work programme, the updated results framework and KPIs set out in Annex V have been re-crafted as a streamlined set of indicators measuring progress toward the *key intended results* described under each Secretariat objective above. However, the Secretariat will concurrently measure, on an ongoing basis, a wider set of operational, programming and implementation metrics which speak to performance of ‘core business’ activities; and will track as internal division/office KPI a wider range of more specific actions directed at delivering the USP and 2023 work programme. The tables below set out key metrics for programming and implementation activities in 2023, and reporting against these tables will be included as per past practice in the regular Report on the Activities of the Secretariat.

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

45. **Table 1** sets out key metrics and projections for the readiness programme and PPF:

**Table 1: Readiness and Preparatory Support Programme and Project Preparation Facility**

Metrics		2023 Projection	
Readiness		Readiness (non-NAP): 70 (50M)	Total:



Metrics		2023 Projection	
	New proposals approved for 2023 & approved amount (USD million) <sup>a</sup>	Adaptation planning: 16 (36.8M)	86 (86.8M)
	Total approved proposals receiving disbursements & disbursed amount (USD million)	Readiness (non-NAP): 65 (20M) / 366 (125M) cumulative	Total: 68 (51M), 523 (314M) cumulative
		Adaptation planning: 3 (31M) / 157 (188M) cumulative	
	Share of approved readiness proposals receiving disbursements	>90%	
	Total proposals completed & amount (USD million)	Readiness (non-NAP): 42 (10M) / 84 (18M) cumulative	Total: 60 (24M), 120 (45M) cumulative
		Adaptation planning: 18 (14M) / 36 (27M) cumulative	
	Readiness implementation reports reviewed in 2023	150	
No-cost extensions and change requests processed in 2023	100		
Programmes	No. of country programmes endorsed by Climate Investment Committee in 2023	20	
	No. of entity work programmes endorsed by Climate Investment Committee in 2023	5 (1 DAE and 4 IAEs)	
Project Preparation Facility	New requests approved in 2023 and approved amount (USD million)	10 PPF grants (6M) 13 PPF service (3) or TA (10) (5.5M)	
	No. PPF grant requests receiving disbursement and amount disbursed (USD million)	25 PPF grants (5M first and subsequent disbursement) / 49 PPF grants (30M) cumulative	
	Total PPF proposals completed and amount (USD million)	10 (5M)	
	PPF implementation reports reviewed in 2023	13	

<sup>a</sup> This will count proposals approved against 2023 readiness budget, noting the approval cycle runs until March.

46. **Table 2** sets out key metrics and projections for funding proposal programming and implementation.

**Table 2: Funding proposal programming and implementation**

Metrics	Projection	
Total new funding proposals and amount sent to the independent Technical Advisory Panel (TAP) in 2023 (USD million)	Public: 16–19 funding proposals (950–1,130M)	Total: 23–31 funding proposals (1.6–2.1 billion)
	Private: 7–12 funding proposals (650–1,00 M)	
	Public:	Total: 6–9 funding proposals

<b>Metrics</b>	<b>Projection</b>	
Simplified approval process (SAP) proposals and amount sent to independent TAP in 2023 (USD million)	5-7 funding proposals (75-105M)	(90-135 M)
	Private: 1-2 funding proposals (15-30M)	
Direct access proposals and amount sent to independent TAP in 2023 (USD million)	Public: 2-8 funding proposals (120-240M)	Total: 3-10 funding proposals (250-465M)
	Private: 1-2 funding proposals (130-225M)	
Adaptation proposals and amount sent to independent TAP in 2023 (USD million), including share to SIDS/LDCs/African States	Public: 7-12 funding proposals (420-540M)	Total: 14-24 FPs (870-1,175M) 75% GE to SIDS/LDCs/Africa
	Private: 7-12 funding proposals (450-630M)	
FAAs signed in 2023 and total FAAs signed	Public: 14-17, 173-176 cumulative	20-25 in 2023, 217-223 cumulative
	Private: 6-8, 44-47 cumulative	
Share of funding proposals under implementation	90%	
Share of funding proposals receiving disbursements	70%	
Disbursements projected for 2023	USD 728-1063 million	
Funded activity implementation and evaluation reports reviewed in 2023	233	
Change requests processed in 2023	102	

47. **Table 3** set out key metrics and projections for accreditation and PSAA.

**Table 3: Accreditation, reaccreditation and project-specific assessment approach**

Metrics	2023 Projection	
Number of re-accreditation, upgrade and accreditation applications progressed by the Secretariat from Stage I to Stage II (Step 1) under institutional accreditation in 2023	Re-accreditation	23–25
	New accreditation	1–2
	Stand-alone upgrade <sup>1</sup>	0–1
Number of first or amended and restated AMAs signed in 2023	12 (of which at least 9 are with DAEs)	
% of AEs with effective first or amended and restated AMAs <sup>2</sup>	65%	
PSAA institutional assessments completed in 2023	DAE: 1	2
	IAE: 1	
AE-level reports <sup>3</sup> reviewed in 2023	98	

48. **Table 4** sets out key service standards metrics.

**Table 4: Service standards**

Service standards	Targets
Accreditation	90% stage I applications reviewed within 105 days
Readiness (non-NAP)	70% reviewed within 35 days
Readiness (NAP)	70% reviewed within 45 days
PPF	80% reviewed within 21 days
Concept note review	50% reviewed within 30 days (public) and 75% reviewed within 30 days (private)
Funding proposal review	70% reviewed within 75 days
SAP concept note review	70–75% reviewed within 21 days
SAP funding proposal review	70–75% reviewed within 30 days
Minor portfolio change requests reviewed	75% reviewed within 30 days
Major portfolio change requests reviewed	60% reviewed within 180 days

<sup>1</sup> AEs may seek an upgrade to their accreditation scope during their accreditation term using a stand-alone application. AEs may also seek to upgrade their accreditation scope in parallel to seeking re-accreditation to GCF; numbers related to joint applications for upgrade and re-accreditation are included in the number of re-accreditation applications and not counted in the number for stand-alone upgrade applications.

<sup>2</sup> AEs are required to submit documents and information to meet conditions precedent to making the AMA effective.

<sup>3</sup> Includes annual self-assessments, mid-term accreditation reports and annual reports on IAE support to DAEs.

## IV. Proposed 2022 administrative budget of the GCF including the Board, the Trustee and the Secretariat

### 4.1 Introduction

49. 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 1/1/2023 – 12/31/2023 to support the operations of those three entities. An overview of the proposed 2023 Board, Secretariat and Trustee budget is provided in **Table 5** below. That overview is followed by individual sections covering the Board, the Secretariat and the Trustee.

50. Overall, the budget represents a total increase of USD 12.7 million above the 2022 budget. The largest component of this overall increase (USD 10.8 million) is derived from the Board's approval of additional staffing for the Secretariat under the B.30/06 decision on the capability review, which has been reflected in an updated budget baseline. From this baseline, the proposed budget represents an increase of USD 1.9 million, or 1.9%. With this budget, the Fund would remain within its targeted efficiency range of administrative budget being 0.7% of assets under management.

**Table 5: Proposed administrative budget for the period 2023 (in United States dollars)**

		2022 approved budget (Decision B.30/07)	Updated Budget Baseline (inc. Decision B.30/06)	Proposed 2023 budget	Change in 2023 draft budget over Updated Budget Baseline	% change
1	Board	4,767,656	4,767,656	5,415,346	647,690	13.6%
2	Secretariat	81,002,368	91,822,334*	93,621,706	1,799,372	2.0%
3	Trustee	3,646,000	3,646,000	3,116,000	-530,000	-14.5%
	<b>Grand total</b>	<b>89,416,024</b>	<b>102,153,053</b>	<b>102,153,052</b>	<b>1,917,062</b>	<b>1.9%</b>

\* Includes USD 10,819,966 approved by decision B.30/06 for additional salaries and emoluments in 2023 as per capability review of the Secretariat.

### 4.2 Budget process

51. 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);
- (a) The Trustees;
- (b) The Secretariat; and
- (c) The three Independent Units (i.e. the Independent Evaluation Unit (IEU), the Independent Integrity Unit (IIU) and the Independent Redress Mechanism (IRM)).

52. The annual work programme preparation and budgeting process (except for the independent units) is initiated jointly by the Office of the Executive Director (OED) and Finance Unit by the issue of the work programme and budget notification memo. The memo includes general guidance on the work programme and budget expectations, particularly as to alignment

with the USP, timelines for the process, and associated templates to enhance standardization. The OED and Finance lead the exercise, in coordination with the Senior Management Team (SMT), and support divisions with queries they may have regarding the exercise.

53. Upon receipt of the notification memo, units commence preparation of their work programme and budget proposals. 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 unit'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 units 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 work programme and budget is submitted to the SMT for review.

54. The SMT plays a challenge role checking alignment of work programme priorities and outputs across the Secretariat, and 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 (IRM) are presented to the Ethics and Audit Committee (EAC) for review. The respective units act on the recommendations by SMT and EAC, after which the revised budgets are shared with the Budget Committee (BC).

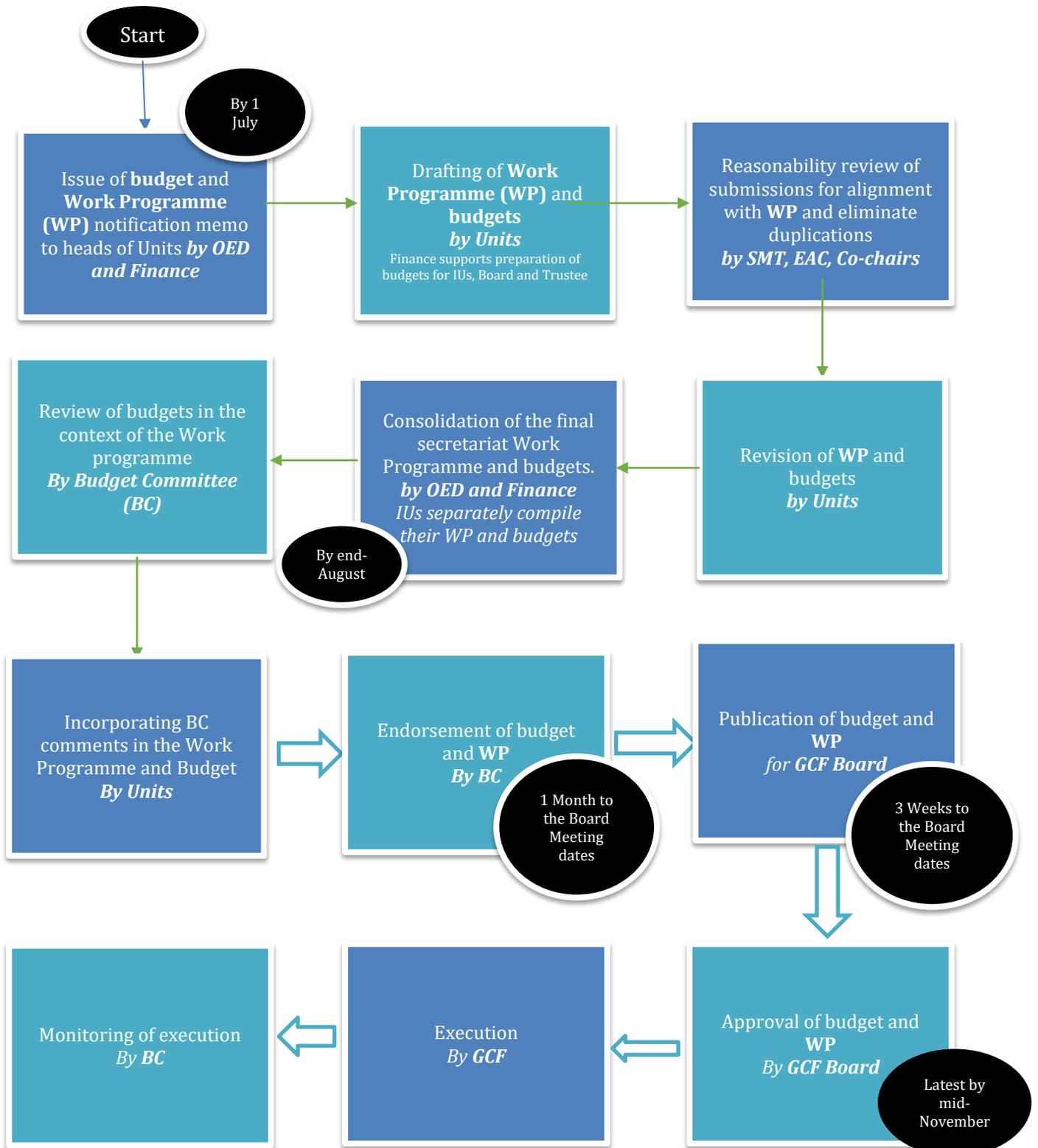
55. The BC plays a further challenging role for the entire administrative budget. It may seek clarification or recommend revisions for some or all the administrative budget. Where revisions are recommended, the respective units effect the suggested revisions and submit the revised budget requests to the BC, as well as modifications to the work programme where outputs are impacted by budget changes. Once satisfied with the effected modifications, the BC endorses the budgets and recommends approval by the GCF Board.

56. 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 and work programme to the Board. Once satisfied with the effected modifications, the Board approves the administrative budget.

57. 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.

58. 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 units and uploads the same in the accounting records and system. This time is also used to update and finalize unit work programmes, based on the approved budget, as applicable. The units 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**



### 4.3 Board budget

59. The costs relating to the Board, detailed in **Table 6**, 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.

**Table 6: Board: Proposed administrative budget for the period 2023 (in United States dollars)**

		2022 approved budget	Proposed 2023 budget	Change in 2023 draft budget over 2022 approved Budget	% change
<b>1.1</b>	<b>Board meetings</b>				
1.1.1	Board representative travel	1,188,537	1,224,193	35,656	3.0%
1.1.2.	Venue and logistics	427,694	1,014,698	587,004	137.2%
	<b>Sub-total: Board meetings</b>	<b>1,616,231</b>	<b>2,238,891</b>	<b>622,660</b>	<b>38.5%</b>
<b>1.2</b>	<b>Co-Chair and Board representative travel</b>				
1.2.1	Co-Chair and Board representative travel	26,084	26,867	783	3.0%
	<b>Sub-total: Co-Chair and Board representative travel</b>	<b>26,084</b>	<b>26,867</b>	<b>783</b>	<b>3.0%</b>
<b>1.3</b>	<b>Board committees, panels and working groups</b>				
1.3.1	Board representative travel	487,488	526,032	38,544	7.9%
1.3.2	Venue and logistics	11,593	26,804	15,211	131.2%
1.3.3	Compensation of Board panels: Accreditation Panel	993,380	951,626 <sup>a</sup>	-41,754	-4.2%
1.3.4	Compensation of Board panels: Technical Advisory Panel	1,632,880 <sup>b</sup>	1,645,126 <sup>b</sup>	12,246	0.7%
	<b>Sub-total: Board committees, panels and working groups</b>	<b>3,125,341</b>	<b>3,149,588</b>	<b>24,247</b>	<b>0.8%</b>
	<b>Grand total</b>	<b>4,767,656</b>	<b>5,415,346</b>	<b>647,690</b>	<b>13.6%</b>

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

<sup>b</sup> Assumes ten panel members on monthly fixed honoraria rates, technical consultants and one operation support consultant.

<sup>c</sup> 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 2023.

### 4.4 Secretariat budget

60. The 2023 Secretariat budget has been developed in collaboration with relevant divisions and offices of the Secretariat and it is designed to provide the best estimate of resources to cover the final year of implementation of the GCF Updated Strategic Plan for 2020-2023 (USP), as well as other priorities set by the Board under related strategy and policy decisions. In overview, consistent with the activities and initiatives proposed under the 2023 work programme, the budget takes account of:

- (a) securing the base resourcing profile needed to sustain the Secretariat's carriage of core operations as the Fund grows, which includes: delivering the Board's ambitious programming goals; managing accreditation and reaccreditation processes, as well as the Fund's engagement with partners; realizing the Fund's commitment to

- strengthening partner capacities for climate programming, particularly DAEs; fully executing its fiduciary responsibilities in managing the Fund's growing multi-billion dollar portfolio, including in relation to safeguarding and risk management; and sustaining the desired level of support for the Board, delivery of the Board workplan and the replenishment process;
- (b) resource growth needed to fully deliver on new policies, strategic directions and modalities decided on by the Board since the adoption of the USP, including in response to COP guidance; which include rolling out the PSAA; exploring new instruments and applications of instruments; striving to scale- and speed- up the SAP; and striving to enhance private sector engagement including in more difficult-to-access countries and markets, among others. While some of these policies and decisions included specific budgetary allowance for set-up costs, most have wider and longer-term resourcing implications as requirements are mainstreamed into core operations;
  - (c) value-for-money investment in prioritized initiatives put forward under the 2023 work programme – into people, systems and results – that will equip the Secretariat to more efficiently and effectively deliver the Fund's ambitious mandate over the long-term, and provide enhanced value and access to the Fund's stakeholders.

61. The budget proposed for implementation of the 2023 work programme is grounded firmly in the Secretariat's resourcing strategy of building a full-strength staff workforce to advance implementation of the Fund's core operations and the priorities set by the Board under the USP. It seeks to maximize deployment of the resources approved by the Board under the USP capability review to aggressively scale-up staff headcount, while reducing reliance on individual consultants to stop-gap headquarter capacity gaps. But the budget is also premised on a work programme that seeks to respond to an ever-more sophisticated range of funding modalities, instruments, strategies and policies approved by the Board, as well as a growing and increasingly complex portfolio which the Secretariat bears the fiduciary responsibility to manage. It accordingly proposes prudent increased investment in key areas – principally through contractual services, travel and ICT – to ensure the Fund is fully equipped to access the expertise, systems and data to manage both known and unknown risks; meet high expectations of partner engagement, access and delivery; and add-value through the capture of knowledge and learning. Other operating costs/depreciation also show growth to accommodate the physical space required to house the Fund's growing staff complement and ensure safety and business continuity. This is a prudent budget increase which maintains a high level of overall efficiency, with Fund operating costs standing at just 0.7% of assets under management.

62. In preparing the budget for the 2023 work programme, the Secretariat through its Senior Management Team has also undertaken a robust prioritization exercise designed to match resource allocations with a prioritized set of 2023 work programme initiatives. As articulated through the updated work programme framework, this approach involved distilling six top Secretariat objectives to support delivery of the USP, with each strategic objective then further articulated into a more definable and achievable set of *intended results*, in turn matched to KPIs in the proposed results framework. The objectives and intended results were used to inform a consensus-based prioritization of the wide set of key initiatives the Secretariat could engage in, distinguishing the 'must-dos' from more discretionary 'good-to-dos'. This then served as a basis for prioritizing resource allocation through the budgeting process. Through this strategic planning approach, budgetary allocations are linked to specific initiatives, intended results and objectives that serve the USP and Board priorities; consequently, reductions in the budget would be expected to require parallel cuts in the initiatives that can be delivered under the Secretariat's 2023 work programme.

63. Overall, and building the USD 10.8 million already approved by the Board for additional staffing into an updated budget baseline, the proposed budget set out in **Table 7** below requests an increase of USD 1.8 million or 2.0%. This includes a saving of USD 2.9 million in staff and consultancy costs, an addition of USD 4.4 million for non-staff needs and a contingency budget of USD 0.3 million.

**Table 7: Secretariat: Proposed administrative budget for the period 2023 (in US dollars)**

Code	Budget category/sub-category	2022 approved budget (Decision B.30/07)	Updated Budget Baseline (inc. Decision B.30/06)	Proposed 2023 budget	Change in 2023 draft budget over Updated Budget Baseline	% change
<b>2.1</b>	<b>Salaries and consultants</b>					
2.1.1	Full-time staff	53,616,786	64,436,752	62,551,071	-1,885,681	-2.9%
2.1.2	Consultancies	4,366,268	4,366,268	3,346,580	-1,019,688	-23.4%
	<b>Sub-total</b>	<b>57,983,054</b>	<b>68,803,020</b>	<b>65,897,651</b>	<b>-2,905,369</b>	<b>-4.2%</b>
<b>2.2</b>	<b>Travel</b>					
2.2.1	Travel	1,609,794	1,609,794	2,275,742	665,948	41.4%
2.2.2	Secretariat staff travel to attend Board meeting	255,000	255,000	255,000	0	0.0%
	<b>Sub-total</b>	<b>1,864,794</b>	<b>1,864,794</b>	<b>2,530,742</b>	<b>665,948</b>	<b>35.7%</b>
<b>2.3</b>	<b>Contractual services, general operating, information technology costs</b>					
2.3.1	Office utility costs	570,000	570,000	642,000	72,000	12.6%
2.3.2	Contractual services	6,600,107	6,600,107	8,544,267	1,944,160	29.5%
2.3.3	Other Operating costs	2,209,485	2,209,485	2,845,771	636,286	28.8%
2.3.4	Communication and printing	693,700	693,700	729,000	35,300	5.1%
2.3.5	Information and communication technology	7,983,667	7,983,667	8,552,680	569,013	7.1%
2.3.6	Depreciation	1,540,700	1,540,700	2,043,875	503,175	32.7%
	<b>Sub-total</b>	<b>19,597,659</b>	<b>19,597,659</b>	<b>23,357,593</b>	<b>3,759,934</b>	<b>19.2%</b>
	<b>Total</b>	<b>79,445,507</b>	<b>90,265,473</b>	<b>91,785,986</b>	<b>1,520,513</b>	<b>1.7%</b>
2.3.7	Contingency	1,556,861	1,556,861	1,835,720	278,859	17.9%
	<b>Grand total</b>	<b>81,002,368</b>	<b>91,822,334</b>	<b>93,621,706</b>	<b>1,799,372</b>	<b>2.0%</b>

\* Includes USD 10,819,966 approved by decision B.30/06 for additional salaries and emoluments in 2023 as per capability review of the Secretariat.

64. Section 4.5 below provides more background on the aggregate figures provided in many of the budget lines included in the Secretariat budget in Table 6 above. The following section 4.6 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.

## **4.5 Aggregate overview of the Secretariat budget items on staffing, consultancy, contractual services and travel**

65. **Headcount and staff recruitment.** The proposed 2023 Secretariat budget is premised on the primary resourcing strategy of growing the Secretariat's full-time equivalent (FTE) staff capacity to equip it to deliver the Board's ambitions under the USP, as outlined under the USP

capability review. The budget proposal incorporates in the baseline the Board's approval, via decision B.30/06, of an additional USD 10.8 million for staff salaries and emoluments. The Secretariat has requested slightly less than this approved amount for 2023 given changes in its staffing projections, including in the levels of new staff positions. The staffing scale-up trajectory is still fully aligned with the trajectory outlined in the USP capability review: aiming to reach 315 staff (90% fill of 350 staff allocated) by the end of 2023. The full-time staff budget line included in Table 6 above assumes that the Secretariat staff will average 296 over 2023. The staffing cost also includes performance awards to be given to high-performing staff based on the performance assessments that will be conducted for 2022.

66. As of the date of development of this work programme, the Secretariat has 223 staff in position. This means an aggressive approach to recruitment over the remainder of 2022 and into 2023 will be needed to meet the target trajectory. For 2022 up to August, the Office of Human Resources has helped the Secretariat secure 37 new appointments. However, in line with global trends, turnover rate for 2022 has increased significantly compared to 2021, as the waning of the Covid pandemic opens opportunities for increased job movement. To support its recruitment objectives, additional resources are proposed to be dedicated to recruitment and talent management through late 2022 and into 2023, through bolstering OHR capacity and making enhanced allowance for use of specialized search agencies for senior-level positions, to ensure the Fund can secure the best available talent to lead its diverse team. As a result of process streamlining, average time to fill (time taken from opening a position to having a new staff member in post) has already reduced from 221 days for the first quarter of 2021 to 146 days for the second quarter of 2022, with potential for further efficiencies to be achieved. Under the Secretariat's recruitment strategy, increased use will be made of novel approaches such as batch recruitments, allowing similar positions to be advertised together for a common job class or multiple positions at the same level, and talent pools to draw qualified candidates into different openings across the organization. Addressing policy matters related to salary and conditions, including housing challenges, will also be key to reducing the relatively high rate of rejected offers (23%), which are most commonly tied to compensation. This is particularly the case for experienced senior candidates, which the Fund has traditionally struggled to attract to its Headquarters. With this raft of additional measures to accelerate recent gains in speed of recruitment, the Secretariat considers the staff scale up to 315 by the end of 2023 is achievable.

67. **Consultancies and interns.** 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. They are only compensated based on their input hours. 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.

68. As part of the USP capability review and attached to the Board's approval via decision B.03/06 of additional staff headcount, the Secretariat committed to implementing a corresponding scale-down of consultancies as 'business as usual' work was taken up by staff. The 2023 budget proposal reflects this commitment through a USD 1.5 million step-wise reduction in the individual consultancy budget line for 2023 relative to the 2022 approved budget, matching the reduction put forward in the capability review. The reduction is premised mainly on reducing the number of headquarter-based individual consultancies as staff are recruited. Support from individual consultants will still, however, remain an important part of the Secretariat's resourcing profile, but will be used for more specific and timebound deployments such as delivery of discrete projects, supplementary surge capacity, or to allow the Secretariat access to global expertise not available in-house. Within the consultancy line, provision has also been made in 2023 for maternity/parental leave cover, as well as some

contingency cover for short-term staffing gaps. This budget line also includes provision for 25 intern FTE, expanding the Secretariat's valuable intern programme as its overall profile grows.

69. **Professional services.** 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.

70. The proposed 2023 budget for contractual services is USD 8.5 million. While this represents growth of 29.5 per cent from 2022, it brings the professional services budget back to just over 2017-2020 levels and is premised upon an accompanying year-on-year growth in execution which peaked at 6.2 million in 2021, with full execution currently projected for 2022. As described above, the major growth items within this budget line relate to:

- (a) external services required to support implementation of an expanded set of strategies, policies, modalities and instruments approved by the Board. These include specialized legal services for complex private sector transactions under the private sector strategy; supplementary capacity for the acceleration of SAP and stage 1 accreditation and reaccreditation reviews; mainstreaming the requirements of the IRM and Evaluation Policy; and implementation of pre- and post-approval ESS, gender and SEAH reviews. While some of these policy approvals included budget for initial set-up costs, many also require the Secretariat to access specific expertise and supplementary delivery capacity on an ongoing basis to mainstream uptake and deliver desired results.
- (b) investments in portfolio, financial and knowledge management, to enable full execution of the Secretariat's fiduciary responsibilities in managing the Fund's growing multi-billion-dollar portfolio. These include major multi-year investments in portfolio performance management and financial management systems; Fund Agents for ad hoc checks on at-risk projects; results and data improvement; Secretariat evaluations; knowledge resources including on climate impact potential; and expert advice on valuation and loss provisioning for the GCF portfolio;
- (c) process and systems investments, addressing remaining areas where manual workflows, poor data quality and lack of systems integration slow down delivery and raise risks of human error. In these areas, investment in automation, integration, data and analytics represent a near term cost with great value-for-money benefits in increased long-term efficiency, access, transparency and quality of operations. This includes for 2023 investments in ERP, client relationship management systems, data strategy and data factory and improvement of corporate processes; and
- (d) external services to support the Secretariat's aggressive recruitment drive.

71. The Secretariat is building the capacity of its procurement team, as well as reviewing procurement practices. This, together with an October budget approval by the Board, would enhance planning to allow for full execution of professional services budget in 2023.

72. **Travel.** The Secretariat travel budget for 2023 has been set at around 80% of pre-COVID levels, in line with Budget Committee guidance intended to align the budgeting approach for travel across Fund bodies. It reflects an assumption that the wider resumption of international travel has made critical face-to-face engagement with GCF's partners possible once again, but that the Secretariat will continue to make increased use of hybrid and virtual forms of engagement drawing on the strengthening of its digital capabilities through the Covid pandemic period. Secretariat travel for 2023 is budgeted at USD 2.5 million, of which USD 2.3 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 an increase of 0.7 million (35.7 percent) compared to the 2022 budget due to expanded travel anticipated as a result of the easing of the COVID-19 restrictions. The Secretariat notes that the travel budget may need to be further adjusted to account for the increase in the staff numbers, additional travel required for the increased portfolio and a global increase in travel costs, which may continue into 2023. The decision provides for the Budget Committee to keep the budget under review with allowance for the Secretariat to come back to the Board at B.36 if needed.

73. **Utility costs and depreciation.** Utility costs for 2023 are estimated at USD 0.6 million. The increase is USD 0.07 million (13 percent) over the 2022 budget. Depreciation of USD 2 million includes the annual depreciation/amortization costs for systems developed in 2019–2022 in a number of areas including software and hardware, board room equipment, computer equipment and furniture. The Secretariat budget for 2023 will show a slightly increasing office utility cost compared to 2022, primarily due to the additional space taken outside of G-tower to ensure business continuity in the event that G-tower is temporarily closed. The increase in the other operating costs is expected primarily due to the changes in the office layouts in G-tower to comply with COVID -19 social distancing requirements, furnishing and increased expenses on health and security services in light of the challenges posed by the COVID-19.

74. **Information and communication technology.** The ICT budget request represents an increase of USD 0.6 million (7.1 percent) over the 2022 budget. The proposed growth in the ICT budget reflects a value-for-money investment in more complete digitalization of GCF processes, including in the corporate functions such as finance, procurement and HR, and improved data management and integration across other business process automation systems. These represent significant up-front investments which are necessary to handle the increasing volume and complexity of operations. These investments are also expected to pay back in significant productivity gain and transparency enhancements. As the remaining manual workflows are automated, staff time will be freed up, thus containing otherwise required additional increases of the GCF workforce level, and access to GCF data and processes will be enhanced for internal and external parties. 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. It will at the same time provide extra agility for better reflecting and facilitating planning for upcoming as well as not yet envisaged future changes to the Fund's strategy.

75. The 2023 ICT cost also includes the increased licence and maintenance cost of the multiple software solutions implemented by the Fund during the previous years, which are fully functional now. While undertaking any new software tool or entire system GCF ensures that it gets the best value for money and makes significant efforts towards that including collaborating with the other similar organisations to get favourable terms based on the joint overall order volume. The 2023 budget also considers the additional cost implications to pro-actively protect the fund against cyber security and ICT related business continuity risks by putting additional protection layers of tools as well as security service in place.

76. Subject to budget availability and resource prioritization, the following major initiatives will start or make further progress in 2023 in line with GCF's Digital Agenda 2020–2023: GCF

Financial Management System (GFMS); Business Process Automation; Digital Accreditation Platform (DAP) – Phase II; Portfolio Performance Management System; Staff Performance Management System and Consultant Recruitment System; Extension of the GCF Procurement Management System; Data Factory platform for advanced analytics, decision support and fraud prevention/detection; and Policy cycle management platform; and Constituent Relationship Management (CRM). Of the above, the GFMS, Data Factory and CRM are multi-year implementation undertakings requiring resources over several years, which cover significant scope, require major outlay efforts, and would deliver substantial value to the Fund. Where ICT projects have to be staged across years due to limited resource availability, delays in realizing associated efficiency gains need to be expected.

77. The GCF's ICT work is performed by a small core team, supplemented by a high ratio of outsourcing through professional services. The 2023 budget has been created using a zero-based approach. It has benefited from consideration of industry best practices and has undergone scrutiny by the SMT. Gartner's most recent benchmark figures for national/international governmental organisations with an administrative budget similar to that of the GCF show that GCF's ratio of ICT staff plus consultants amounting to 4.9 per cent of corporate total is comparing very favourably to the industry average of 8.4 per cent.

78. **Other GCF operating costs.** Items under this cost category include funding for the 5th annual GCF Private Investment for Climate Conference, office maintenance costs, office supplies, International SOS, insurance, bank charges, repair and maintenance, in-house workshops, security services. The 2023 other operating costs represents an increase of 0.6 million (28.8 percent) compared to the 2022 approved budget. The communications budget for 2023 has been maintained at just over 2022 levels premised on full execution in a replenishment year.

79. **Contingency.** The Secretariat 2023 budget continues to include a contingency line, which the Secretariat believes is critical to enabling it to effectively respond to both mounting demands for adaptive action, and the foreseeable but unquantified risks associated with a growing portfolio and administrative functions. This contingency line creates allowance for any unscheduled costs arising from disruption to operations or staffing, or possible threats and liabilities associated with GCF funded activities or any disputes including the disputes with the GCF personnel. It will be used to support both the Secretariat and the Independent Units.

80. **Costs allocated to the Independent Units.** The Secretariat also 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. For 2023, like in 2022 the cost allocation to IUs includes, the ICT cost, the cost for utilities, supplies, depreciation of leasehold improvements, office furniture, equipment and cost of 70% of one procurement and human resources staff who will be assisting Independent units with their request. As requested by the BC, the IUs have included the cost allocation amounts in their respective 2023 budget requests as a separate line item. Like the Secretariat, the IUs are also budgeting for their own specific/unique requirements for services and ICT equipment. The 2023 cost allocation does not include the cost of staff and consultants working in Finance, General Services, ICT, Office of General Counsel (OGC), etc. providing different services to IUs such as payroll, payments processing, budgeting, reporting, ICT related services, travel related services, etc.

## 4.6 Office and Division-specific work and budget-related information

81. This section of the budget includes indicative allocations of 2023 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 2023. 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 of operations, and are provided with an understanding that the actual distributions are very likely to shift during the year as needs evolve.

### 4.6.1. Office of the Executive Director

82. The OED is responsible for overall management of the Secretariat. This includes strategic leadership and direction-setting in strategic planning and policy, 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, its Deputy Executive Director / Chief Investment Officer, and its Chief Financial Officer / Chief Operating Officer, as well as through its leadership of Secretariat committees on investments, operations and policies, and through an SMT made up of the directors or heads of its offices and divisions. OED coordinates policy and strategy, corporate performance and change management, knowledge management as well as economic and climate science expertise. In 2023, OED will focus on coordinating GCF-2 replenishment efforts and supporting the Board in the update of the GCF strategic plan, scaling up staffing and finalizing associated organizational design in line with the approved 350 headcount, as well as ensuring cross-Secretariat delivery through aligned corporate planning, implementation of key strategic frameworks and operational reforms, continued investment in digitalization and in a collaborative, value-based, performance- and knowledge- oriented culture.

83. *Key OED 2023 work programme deliverables:*

- (a) Work with the Board to support the development and consideration of an updated GCF Strategic Plan for 2024-2027 in line with adopted decisions, including by facilitating an open and transparent consultation process;
- (b) Drive implementation of the 2023 work programme and accountability for results, including through continued alignment of strategic planning with unit and individual staff performance frameworks, and evolution of corporate performance systems and data to measure progress;
- (c) Ensure divisional efforts are aligned with implementation of key strategic frameworks to continue progress toward meeting GCF-1 programming targets, while guiding their evolution in parallel and interactively with the development of the USP-2, including the private sector, adaptation and accreditation strategies and the DAE Action Plan;
- (d) Evolve the Fund's change management framework to normalize coordination and oversight of organizational development efforts, including operational reforms identified through the USP capability review and to streamline and harmonize processes to improve efficiency, effectiveness and access;

- (e) Continuously improve the internal project cycle under the Climate Investment Committee whilst enhancing the quality of funding proposals, by supporting consistent Fund-wide messaging and engagement on USP programming priorities, and well as consistent programming and appraisal processes;
- (f) Continuously improve accessibility of the Fund’s policy resources and delivery of the internal policy cycle under the Climate Policy Committee, including collaborating with OGA to enhance policy consultations with the Board, and update the Board workplan and GCF policy cycle for 2024-2027;
- (g) Strengthen the role of climate science, climate information and other climate analyses in the operations of the GCF, including through engagement with GCF’s partners and developing world leading knowledge resources and expert networks;
- (h) Oversee a consistent build-up in human resource capacity and strengthening of GCF’s employee value proposition, to approach the 350 headcount mandated by the Board; bring updates to the AGHR for the Board’s consideration and keep under review the capabilities of the Secretariat to deliver USP-2;
- (i) Support an assessment of the feasibility of establishing a GCF regional presence and liaison offices, to engage in upstream engagement and origination, project development and portfolio oversight;
- (j) Coordinate development of an overall data strategy and vision for the GCF, which serves as a lens to integrate and stress test current systems architecture, data governance and resourcing for data management and analytics;
- (k) Foster a culture of collaboration, respect and innovation within the Secretariat;
- (l) Represent the Secretariat globally;
- (m) Ensure continued corporate preparedness in response to COVID-19 and other threats to personnel safety and business continuity;
- (n) Lead and coordinate the SMT and other relevant committees

**Table 8: Overview of 2023 Office of the Executive Director staffing and budget (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Contractual services	Common services	Total
17	4,147,990	249,282	284,874	585,000	1,067,185	6,334,331

#### **4.6.2. Division of Country Programming**

84. The Division of Country Programming (DCP) supports developing countries and accredited entities, particularly direct access entities, to plan, identify, design and submit country-driven, transformational climate investments in line with their NDCs, NAPs, LTS and other national climate strategies, and manages accreditation and entity relations to support programming. This entails supporting origination of country-driven and paradigm-shifting project pipelines through the development of country programmes and aligned entity work programmes focusing on their investment planning component, and from these, GCF-aligned project concepts. DCP manages the Readiness and Preparatory Support Programme, which provides capacity building support for developing countries to strengthen their institutional capacities for climate action, develop the required policy frameworks, develop project ideas into concepts notes and funding proposals, share knowledge, as well as undertake adaptation

planning, prepare investment plans and private sector engagement strategies that contribute to the country's long-term pipeline development for the GCF.

85. In 2023 DCP expects to have a significant focus on strengthening developing countries' capacity to undertake transformational planning and programming, aligned with their NDCs, ACs, NAPs and other national climate strategies and incorporating broad based and inclusive stakeholder engagement; ensure GCF programming capacity and pipeline development is guided by a country-driven prioritization of the most impactful investments for countries in their respective national and regional contexts, informed by areas of high mitigation potential and adaptation needs; and support national and regional DAEs to play a more prominent role in GCF programming and channel significantly more GCF funding.

86. *Key DCP 2023 work programme deliverables:*

- (a) Re-focus Country Programmes to better inform programming, by strengthening their role in climate-evidence informed, prioritized investment planning; seeking alignment with the accreditation process and enhancing their use for pipeline development in collaboration with relevant programming divisions;
- (b) Develop and present the update of country ownership guidelines for consideration of the Board in 2023.
- (c) Organize Regional Programming Dialogues and country and entity programming engagements, enhancing the alignment of programming with country priorities for realizing and raising ambition under the UNFCCC and Paris Agreement, and building alignment with GCF programming objectives, quality and appraisal standards;
- (d) Present a revised strategy for the Readiness and Preparatory Support Programme in consultation with relevant stakeholders for Board consideration at B.35;
- (e) Facilitate the continued provision of readiness support to developing countries through the approval of 86 grants, including 55 single-year readiness, 16 adaptation planning and 10 multi-year requests, and with an enhanced focus on how readiness can support use of climate analyses and enhancement of climate expertise in programming;
- (f) Implement operational improvements to the readiness programme including the enhancement of the co-development phase, application of consistent review criteria, the streamlining of the review process, and the setting of service standards to expedite access, particular for countries with least capacity;
- (g) Dynamically update the readiness guidebook to guide NDAs and DPs through the readiness grant cycle, providing detailed information on review criteria, updated templates and best practice examples;
- (h) Draw on learning loops to feed lessons and knowledge from executed readiness grants into the readiness programming cycle, readiness strategy and guidebook;
- (i) Develop cross-regional strategies for LDCs and for SIDS, in collaboration with relevant divisions, to deliver greater mitigation and adaptation impact;
- (j) Progress 25 entities from Stage I to Stage II for accreditation, re-accreditation and upgrades;
- (k) Lead Secretariat implementation of the DAE Action Plan, including through building the programming and implementation capabilities of national and regional DAEs through development of a dedicated DAE support modality, developing guidance to promote IAE-DAE collaboration and supporting implementation of the PSAA pilot;

- (l) Manage relationships with AEs and DPs in alignment with USP and towards GCF-2, promoting collaboration and climate mainstreaming across the partnership network;
- (m) Ensure a respectful and collaborative office environment reflecting GCF values and consolidating the management of DCP crosscutting functions, standardizing roles and integrating work across DCP work streams.

**Table 9: Overview of 2023 Division of Country Programming staffing, and DCP non-readiness budget information (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Contractual services	Common services	Total
36	7,125,524	127,544	302,580	800,000	2,259,920	10,615,568

### 4.6.3. Division of Mitigation and Adaptation

87. The Division of Mitigation and Adaptation (DMA) provides 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 preparation and review of public sector concept notes and funding proposals. It 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. In addition, DMA is responsible for managing the GCF REDD-plus results-based payments pilot programme and the Enhancing Direct Access (EDA) Pilot Programme. For financial structuring, DMA works with PSF to complement its expertise. DMA leads the preparation of GCF sectoral guides, which provide 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 provides the interdivisional management of Simplified Approval Process (SAP) and the Project Preparation Facility (PPF), including the administration of their roster of international firms. Finally, it also carries out technical reviews of and provides input for relevant sector-specific Readiness and draft country and entity work programmes.

88. *Key DMA 2023 work programme deliverables:*

- (a) Submit 16-19 funding proposals, at a value of USD 0.9 to 1.2 billion in GCF funding, for ITAP review, including 7-12 on adaptation, and 2-8 from DAEs;
- (b) Sign at least 18 FAAs with a view to bring at least 90 per cent of all proposals under implementation (cumulative);
- (c) Submit at least 3 SAP (public sector) funding proposals for ITAP review/Board approval, and work to accelerate the uptake of the SAP through a set of simplification, facilitation, and acceleration measures, including developing fast-tracking templates for certain activities eligible for SAP;
- (d) Provide project preparation support and technical assistance to GCF Accredited Entities, particularly DAEs, through the Project Preparation Facility (PPF), by simplifying the PPF internal processing procedures and providing knowledge and training to the AEs on how to effectively access the PPF resources and services;
- (e) Prepare the design of the new phase of the Enhancing Direct Access (EDA) to accelerate direct access to GCF climate finance with a specific focus on the involvement of national and sub-national/local actors, especially in LDCs, SIDS and African states;

- (f) Prepare the completed set of sectoral guidance for Board consideration;
- (g) Contribute to cross-Secretariat work to evolve the Fund’s programming instruments;
- (h) Ensure quality control by developing tools and approaches and 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;
- (i) Continue to review and provide feedback to CNs/FPs submitted to Secretariat within the services standards and ensure those that are brought to the Board for approval meet USP goals;
- (j) Manage and enhance pipeline/post-approval data infrastructure to conduct sound analyses for strategic programming; and
- (k) Launch an extension of the REDD-plus RBP programme and prepare revised terms of reference for a second phase of the RfP (pending Board approval).

**Table 10: Overview of 2023 Division of Mitigation and Adaptation staffing and budget (in United States dollars)**

Projected average staff headcount during 2023	Estimated staff cost	Consultants and Interns *	Projected travel	Contractual services	Common services	Total
40	8,907,641	279,164	403,704	350,000	2,511,023	12,451,532

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

#### 4.6.4. Division of Private Sector Facility

89. The Private Sector Facility (PSF) seeks to mobilise private capital and support creation of green markets for low-emission climate resilient investment across all the eight GCF results areas. The PSF leads engagement on private sector programming, and the technical review of private sector concept notes and funding proposals. It also supports the financial structuring of public sector work through its five transition areas: energy, nature, infrastructure, industry, food systems and cross-cutting. Consistent with the USP and private sector strategy, GCF’s efforts to catalyze private climate investment in low-emission, climate-resilient development strategy follows a four-pronged approach: (a) Promoting a conducive investment environment for combined climate and economic growth activities; (b) Accelerating innovation in business models, financial instruments, and climate technologies; (c) De-risking market-creating investments to crowd in private climate finance; and (d) Strengthening domestic and regional financial institutions to scale up private climate finance. The PSF’s approach builds on initiatives through the Readiness Programme to build capacity and enabling environments for private sector investment, that can enable developing countries and private sector entities to better understand how to access the GCF. Finally, it plays a critical role in finalizing FAAs following project approval to enable project implementation.

90. *Key PSF 2023 work programme deliverables:*

- (a) Submit at least 7 funding proposals, at a value of USD 600-1,000 million in GCF funding, for ITAP review, including at least 7 on adaptation, 1 from DAEs, and 1 SAPs.
- (a) Sign at least 6 FAAs with a view to bring at least 90 per cent of all proposals under implementation (cumulative);

- (b) Implement, operationalize, and report on the private sector strategy, with a particular focus on engaging MSMEs and local private sector actors, private sector engagement in SIDS and LDCs and deploying de-risking equity investments to mobilize at scale;
- (c) Engage in programming dialogues and strategic programming missions with countries and AE partners aimed at supporting the development of country-driven, GCF-aligned project proposals and building a diversified private sector pipeline;
- (d) Increase efforts to demonstrate new 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;
- (e) Strengthen relationships with institutional investors, including pension funds, sovereign wealth funds, insurance companies, endowments, philanthropic investors, and foundations;
- (f) Propose next steps for new funding vehicles to enhance private sector capital flows, and subject to Board approval, deliver an RfP on technology incubators and accelerators;
- (g) Finalize and apply the methodology for measuring mobilized private finance;
- (h) Organize the 2023 Private Investment for Climate Conference and develop knowledge products to support effective private sector engagement in developing countries.

**Table 11: Overview of 2023 Private Sector Facility staffing and budget (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Contractual services*	Common services	Total
22	4,871,778	85,656	273,174	600,000	1,381,062	7,211,670

\*Costs primarily related to the Global Private Investment Conference

#### 4.6.5. Division of Portfolio Management

91. The mission of the Division of Portfolio Management (DPM) is to ensure that GCF programmes are delivered on time, on scope and on budget, and to facilitate lesson learning from monitoring and managing implementation to improve results delivery over time. This function is implemented through three primary workstreams. The Data, Results, Knowledge and Learning workstream leads the design and operationalization of an integrated GCF-level results architecture and enhanced performance standards, while building portfolio data governance and analytics in the Secretariat. It reviews CNs and FPs to ensure these include sound sector and results management plans that are geared to maximise and reliably track estimated results, and works to ensure that proposals, AMAs, FAAs, and framework and general agreements include provisions to enable effective oversight during implementation. It also develops related tools and guidance for stakeholders, and provides portfolio analytics on impacts and trends as well as evidence-based research and advisory services to strengthen the accountability, transparency, and credibility of the Fund.

92. The Portfolio Implementation Monitoring and Management teams for Readiness and Funded Activities oversee and monitor the implementation of projects and readiness grants by AEs/delivery partners to ensure compliance with GCF requirements and project specific terms and conditions. The teams track implementation performance and conduct proactive risk management based on early warning systems, in addition to facilitating adaptive management of projects and grants to resolve identified problems and improve execution in line with GCF goals. Specifically, the PIMM Funded activity team i) tracks and reviews AE performance relative to Accreditation standards by reviewing AEs' annual self-assessments, as well as providing AE

portfolio performance assessment inputs into the reaccreditation process, and ii) includes Restructuring Specialists who are charged with leading the restructuring and processing of Major Change requests for Funded Activities to resolve implementation challenges.

93. The three teams in DPM synergize efforts and collaborate inter-divisionally in GCF to capture, present, and disseminate core lessons from the implementation of GCF's portfolio and cycle the feedback for enhancing project design, development, and results

94. *Key DPM 2023 work programme deliverables:*

- (a) Fully operationalize the Readiness Results Measurement Framework (RRMF) and updated Readiness SOP approved in 2022 as well as strengthening learning loops to integrate lessons in the design of new Readiness/PPF proposals;
- (b) Leverage learnings on Climate Resilient Infrastructure from the Jamaica Pilot to strengthen engagement with NDAs/DPs and AEs on integrated resilience planning;
- (c) Fully operationalize the Integrated Results Management framework (IRMF), including supporting DAEs through the DAE new funding window for the IRMF;
- (d) Review CNs and FPs, and develop associated toolkits, guidance and training for stakeholders, to strengthen delivery of credible, measurable and evaluable results from GCF investments, improving transparency and quality at entry for smooth project implementation, and incorporating lessons and best practices from implementation;
- (e) Strengthen credibility of results tracking through implementing Phase II of the remedial measures to address M&E gaps in the current portfolio, as well as continuing the analysis of the GHG emissions and adaptation beneficiaries in the portfolio;
- (f) Continue strengthening policy setting and implementation approaches related to the implementation of programmatic approaches for enhanced quality and risk assessment on entry to the portfolio, and appropriate monitoring of and reporting on programs and their sub-projects during implementation;
- (g) Improve portfolio implementation efficiency and effectiveness through strengthening Secretariat capacity to monitor funded activities and readiness grants progress and results through: i) timely review of reporting and evaluations; ii) enhancing data and portfolio analytics; iii) conduct of at least 1 Secretariat-led evaluation
- (h) Review AE self-reporting and project/program implementation reports to support AE reaccreditation assessments and enhance engagement with AEs and DPs for improved portfolio performance;
- (i) Execute stronger and proactive adaptive management of the portfolio to support entities and countries address emerging challenges and risks, through timely engagement with partners, timely processing of change requests, standardizing approach and delegations for dealing with adaptive management requests, and conduct of risk-based ad-hoc checks. This is especially pertinent to facilitate adjustments arising from COVID impacts on countries and projects.
- (j) Develop a divisional KM strategy to close learning loops and enhance sharing of lessons and best practices from implementation, and deliver at least two (Sectoral) Transition Area Portfolio Reviews (TAPRs) to inform programming and strategy;
- (k) Continue rollout of the data management strategy, including: i) finalizing a data manual setting standards for GCF-wide data governance, quality, classification and management; ii) delivering a data factory solution to aide data cataloguing, cleaning, enhanced automation and analysis, in particular to support portfolio performance and risk

management as a first use case; iii) expanding coverage of the Open Data Library (ODL) to include ex-post as well as ex-ante readiness and FP data

- (l) On-board newly recruited staff to ensure the optimal performance of DPM across its different work streams, to nurture a culture of trust and respect based on GCF values.

**Table 12: Overview of 2023 Division of Portfolio Management staffing and budget (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Contractual services	Common services	Total
43	9,249,957	325,415	218,315	1,749,000	2,699,349	14,242,036

#### 4.6.6. Office of Risk Management and Compliance

95. The mission of the Office of Risk Management and Compliance (ORMC) is to: (a) develop, manage and update comprehensive risk, compliance and sustainability frameworks, policies and processes; (b) Identify prioritize, monitor and manage actual and potential risks affecting the GCF; and (c) Review proposed and actual GCF investments to ensure that they are within the Fund’s risk tolerances and comply with the Fund’s compliance and sustainability policies.

96. *Key ORMC 2023 work programme deliverables:*

- (a) Perform second-level due-diligence, reviews, and inputs across various stages of the project cycle, including on AMAs, country programmes, EWPs, readiness proposals, PPF, reaccreditation applications, concept notes, funding proposals, FAAs and post approval amendments, and sub-projects to ensure the fulfilment of and compliance with the GCF’s Risk Management Framework, integrity policies on AML/CFT, and ESS, Indigenous Peoples and Updated Gender Policy standards and requirements;
- (b) Fully operationalize the updated risk management framework to support proactive risk identification and management (Risk Register, Risk Appetite Statement, Risk Dashboard, Risk Policies), including through institutionalizing internal risk control assessment;
- (c) Ensure ESS, Indigenous Peoples and Gender Policy standards and requirements are adhered to in projects and other operations of the GCF;
- (d) Continue the operationalization of GCF’s Indigenous Peoples Policy, including supporting the Indigenous Peoples Advisory Group (IPAG), holding meetings, and implementing its workplan;
- (e) Continue the operationalization of the Updated Gender Policy, implement the Gender Action Plan, and continue to implement the commitments made under the Action Coalition on Feminist Action for Climate Justice;
- (f) Ensure that SEAH provisions in the revised Environmental and Social Policy are implemented for counterparties, following Board approval, including implementing a SEAH action plan and SEAH risk assessment tool;
- (g) Finalise the development of the GCF’s own environmental and social standards and produce 11 guidance notes;
- (h) Review the Environmental and Social Policy (to include the new ESS Standards and any amendments from the IDP review );
- (i) Continue operationalizing the Compliance risk policy, and implement the AML/CFT Policy and Standards through soon to be approved Standard Operating Procedures,

- including subsequent requests of enhanced due diligence to prevent sanction violations or similar compliance breaches of GCF’s integrity policies focussing on AML/CFT;
- (j) Develop and further implement “Know your Counterparty” guidelines and training as per the AML/CFT SOPs and to close implementation gaps;
  - (k) Develop the framework for the initial compliance risk assessment and perform such upon that basis; and
  - (l) Support GCF staff and AE awareness, capacity-building and training to meet relevant risk, investment, compliance & integrity and safeguarding policy requirements.

**Table 13: Overview of 2023 Office of Risk Management and Compliance staffing and budget (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Contractual services*	Common services	Total
22	4,685,467	145,656	96,251	524,594	1,381,062	6,833,030

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

#### 4.6.7. Office of General Counsel

97. 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.

98. *Key OGC 2023 Work programme deliverables:*

- (a) Support the accelerated implementation of projects, through the negotiating and signing of at least 12 first or amended and restated AMAs, and 20-25 FAAs;
- (b) Provide legal review and negotiation and approval of terms sheets for the 23-31 funding proposals, including 6-9 SAPs, targeted for submission to the Board in 2023;
- (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) Participate in the review of all policy drafts being developed for Board or Committee consideration, including the Policy on Contribution from philanthropic and alternate sources, updated salary structure and revision to the AGHR;
- (f) Deliver three (3) additional privileges and immunities agreements in 2023 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 14: Overview of 2023 Office of General Counsel staffing and budget (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Contractual services	Common services	Total
20	4,345,949	31,656	97,237	1,394,550	1,255,511	7,124,903

#### 4.6.8. Office of Governance Affairs

99. The overall objective of the Office of Governance Affairs (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 and contributes to 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’s Governing Instrument.

100. *Key OGA 2023 work programme deliverables:*

- (a) Deliver onboarding for new members to the fourth term of Board membership 2022-2024 and assist the onboarding of the 2023 Co-Chairs and support in elaborating strategies for Board engagement;
- (b) Lead the delivery of three Board meetings and associated informal sessions, supporting timely development of agendas and documentation;
- (c) Support the Co-Chairs to enhance the effectiveness of intersessional consultations on items on the Board workplan, and work in an open, inclusive, consultative and transparent manner, per decision B.23/03;
- (d) Ensure that Board members access and use the revamped Board portal as a tool to enhance Board engagement, access to information and resources, and enhance its oversight;
- (e) Implement any Board decision on the ongoing review of the effectiveness of committees established by the Board, and the updated committee guidelines;
- (f) Coordinate the implementation of the Secretariat’s manual on support to governance;
- (g) Support the Board in addressing COP guidance, including on technology-related matters and loss and damage; and prepare the draft of the report of the GCF to the COP;
- (h) Engage in COP 28 and key meetings of the constituted bodies of the UNFCCC to advance substantive issues of COP guidance, furthering collaboration with the UNFCCC secretariat;

- (i) Implement the Operational Framework on Complementarity and Coherence, including, including the GCF-GEF long-term vision and relevant plans for engagement with other funds, i.e., AF, CIFs, and other climate finance delivery channels, considering USP focus areas for origination, programming and results and synergies with Rio Conventions;
- (j) Advance a study on policy harmonization, as part of the GCF-GEF long term vision;
- (k) Organize the annual dialogue with climate finance delivery channels and a stakeholder workshop to highlight lessons learned on complementarity and coherence;
- (l) Contribute to translating nationally determined contributions (NDCs) into country and entity work programmes as part of the respective CWP and EWP review teams;
- (m) Support the Board and EAC in the review and update of the Information Disclosure Policy, including the disclosure of environmental and social reports and the live webcasting of meetings of the Board; and
- (n) Support the Board in the review and update of the guidelines relating to observer participation, accreditation of observer organizations and participation of active observers.

**Table 15: Overview of 2023 Office of Governance Affairs staffing and budget (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Contractual services	Common services	Total
14	3,066,432	195,528	141,222	142,233	878,858	4,424,273

#### 4.6.9. Division of External Affairs

101. The overall objective of the Division of External Affairs is to manage the GCF's network of partners and relationships to build the global profile of GCF, support its programming objectives, and strengthen awareness of the Fund's results, climate impact and value-add in the climate finance landscape. A key focus in 2023 will be to shape resource mobilization, strategic partnerships, and corporate communications in support of a successful GCF-2 replenishment - launched in July 2022. DEA will support the conduct of the replenishment processes, update relevant policies, engage strategically with current and potential contributors, organise replenishment consultation meetings, and the pledging conference. DEA will focus on strengthening GCF's profile and visibility through organising and facilitating participation in key global and regional events, engaging with global leaders and stakeholders, as well as driving vital multi-stakeholder partnerships and relationships aligned with the Fund's USP and work programme outcomes. DEA will also work to drive the communication of the Fund's vision and results, strengthening the narrative about GCF's unique contribution to climate action, through coordination of Fund-level messaging and productions, engagement with top-tier media, as well as enhancing internal communications across the Secretariat.

102. *Key DEA 2023 work programme deliverables:*

- (a) Coordinate Fund-level messaging and communications to showcase the GCF's vision, strategic objectives, results, climate impact and value-add in the climate finance landscape, to inform the GCF-2 replenishment narrative and business case, including building awareness of new programming strategies and decisions;
- (b) Update the Policy for Contributions, and develop a Policy for Contributions from Alternative Sources for Board consideration;

- (c) In collaboration with the Co-Chairs and GCF-2 facilitator, organise GCF-2 replenishment meetings and the successful pledging conference planned for September 2023;
- (d) Engage with key advocates including Heads of State, Ministers, and global leaders in support of the GCF-2 replenishment;
- (e) Engage in key global leadership partnerships and related initiatives covering Heads of State and ministers from developed and developing countries as well as relevant global leaders from the UN, business and private sector, civil society and academia;
- (f) Coordinate cross-Secretariat representation in events, including organising two (2) GCF-hosted key global leadership dialogues and contribute to key partners' events aligned with GCF's strategic and programming objectives;
- (g) Secure presence at key global events to further elevate GCF's role and impact in the climate finance space and gain political support toward a successful replenishment (World Economic Forum Davos Jan 2023; LDC5; UN Water Conference March 2023; African Union Summit Feb 2023; UNSG' Summit for the Future Sept 2023; UNFCCC COP28 Nov 2023)
- (h) Publish the GCF Results Report, bi-monthly Board Bulletins, and replenishment updates for wider external circulation;
- (i) Raise GCF's profile by promoting GCF's value-add, developing GCF impact stories, and showcasing GCF results through compelling evidence-based project stories and case studies and strategically partnering with media on opportunities, as well as through regular media outreach and relations;
- (j) Maintain relationship with GCF's host country;
- (k) Monitor, maintain and regularly report on commitment authority;
- (l) Develop a digital strategy that includes preparing for the GCF website renewal and a plan to sustainably manage GCF website, Intranet and other digital platforms.

**Table 16: Overview of 2023 Division of External Affairs staffing and budget (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Communications cost	Common services	Total
18	4,035,137	86,045	155,098	729,000	1,129,960	6,135,240

#### 4.6.10. Division of Support Services

103. 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 financial policies. The DSS also provides general services to all GCF personnel to maintain a healthy and safe working environment, address staff security concerns, and maintain the Fund's business continuity plan. 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.

104. *Key 2023 work programme deliverables:*

- (a) 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;
- (b) Maintain the GCF headquarters, including contingency locations, to ensure compliance with local COVID-19 regulations and the GCF business continuity plan;
- (c) Maintain an operations control function to ensure business processes are codified and implemented, and control gaps, risks, and bottlenecks are identified and addressed, including through regular risk control self-assessments;
- (d) Review funding proposals to ensure submitted projects demonstrate adequate financial management capacity and highlight any financial management or procurement issues;
- (e) Support project and readiness approvals and implementation by performing a 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, as well as a thorough review of procurement matters;
- (f) Progress on implementing the GCF Financial Management Suite.
- (g) Implement appropriate financial and operational controls to reduce the risk of misstatement of financial statements and coordinate the annual external audit of Financial Statements to provide assurance to its stakeholders, including the contributors;
- (h) Prepare the 2024 Administrative Budget, and prepare timely forecasts of the 2023 budget to guide management decision-making regarding re-assigning of resources to implement the 2023 work programme;
- (i) Implement the policy to minimize the impact of the currency fluctuations, and spearhead the development of financial policies such as on concessionality and additionality
- (j) Lead treasury governance through the operationalization of the Asset and Liability Committee (ALCO);
- (k) Develop for Investment Committee and Board consideration a pilot on local currency financing;
- (l) Implement the Corporate Procurement Guidelines and Manual through processes improvement, automation, and establishment of long-term agreements for increased efficiency;
- (m) Collaborate with other units in the planning and delivery of GCF events in line with the Events Management Guidelines;
- (n) Continue driving the GCF's Digital Agenda 2020-2023 and GCF's digital transformation in its fourth year through advancing the creation of a digital workplace, digitalizing business operations, data-driven GCF, and digitalizing collaboration and confidential and trustworthy means of engagement.

**Table 17: Overview of 2022 Division of Support Services staffing and budget (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Contractual services	Common services	Total
46	8,890,851	329,862	81,050	426,240	2,887,676	12,615,679

For the above deliverables, the Division of Support Services will employ a mix of full-time staff and external support through consultants and professional services. Staff will be used for regular day-to-day predictable tasks. At the same time, individual consultants will be needed for variable demands such as surges in demand to review agreements, proposals, and reports from Accredited Entities. Professional services firms will be employed for tasks requiring external assurance or expertise, such as the annual audit of financial statements, expert valuation of financial instruments, development of particular financial policies, and procurement benchmarking exercises. The Division of Support Services may also need to travel for some critical meetings hence the need to reserve some amount for the expected travel.

#### 4.6.11. Office of Human Resources

105. The objective of the Office of Human Resources (OHR) is to provide programs and activities 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, engaging and nurturing all employees to create a high-performance collaborative culture, increase employee satisfaction and consolidate a values-centred corporate culture.

106. *Key 2023 work programme deliverables:*

- (a) Complete the capacity-building needed to allow GCF to function efficiently and effectively (90% fill ratio);
- (b) Implement a recruitment strategy to meet aggressive recruiting targets for 2023, though increased use of talent pools, targeted use of employment agencies to assist with hard to fill senior level roles (IS-6 and above) and/or critical IS-5 roles where an initial GCF recruitment process has been unsuccessful, and temporary surge recruiting support
- (c) Restructure the OHR team to redirect resources to recruitment efforts;
- (d) Pursue automation of manual processes and increased use of technology to improve employee onboarding and to work towards more data-driven talent acquisition;
- (e) Consolidate a corporate culture centred in GCF's Values that fosters staff wellbeing and resilience and provides a safe, respectful and conducive work environment;
- (f) Complete a salary structure and compensation and benefits benchmarking review, to develop a salary structure that includes mechanisms for benchmarking compensation and benefits, assess proposed amendments to the AGHR in force, and a general review of a principles-based AGHR;
- (g) Submit for Board approval a new people management policy consistent with GCF's corporate culture to enable our Employee Value proposition, including updates to the HR legal framework and salary structure;

- (h) Develop an improved framework for performance management system, that will allow the GCF to consolidate the institutional alignment approach (vertical alignment between USP-WP-PMDS) and foster a high-performance collaborative culture through innovative performance incentives linked to team goals and the introduction of collaboration KPIs;
- (i) Enhance the GCF employee experience, translated in greater staff satisfaction, engagement and trust;
- (j) Increase automation of HR business processes for an augmented user experience;
- (k) Maintain the positions of the GCF ombudsperson and mediator to facilitate the informal resolution of concerns of employees and provide training as appropriate.

**Table 18: Overview of 202 Office of Human Resources staffing and budget (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Contractual services	Common services	Total
14	2,516,252	284,484	20,248	930,440	878,860	4,630,284

#### 4.6.12. Office of the Internal Auditor

107. The objective of the Office of the Internal Auditor (OIA) is to bring a systematic, disciplined approach to assessing, evaluating and improving the effectiveness of risk management, control, and governance processes. 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 that the Secretariat's processes are robust, and the resulting products are sound and operating well to support the strategic objective of the Fund. 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 processes. OIA will perform a risk-based assessment and develop a multi-year work plan at the end of 2022, to identify the audits, reviews and advisory engagements to be performed in the following 4 years, focusing on those to be performed in 2023. 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 or Board. OIA will also implement the recommendations received under its External Quality Assessment (EQA) conducted in 2021.

108. *Key OIA 2023 work programme deliverables:*

- (a) Update and maintain a risk-based workplan for 2023–2026;
- (b) Perform at least five audits/reviews as planned, and ad hoc engagements as requested;
- (c) Follow up management action plans to address previous audits, reviews, and other evaluations;
- (d) Collaborate to strengthen the Secretariat's institutional risk management framework;
- (e) Implement recommendations of the EQA;
- (f) Maintain strong working relationships with internal auditor counterparts.

**Table 19: Overview of 2023 Office of the Internal Auditor Staffing and Budget (in United States dollars)**

Projected average staff headcount in 2023	Estimated staff cost	Consultants and Interns	Projected travel	Professional services	Common services	Total
4	708,092	15,888	27,478	600	251,102	1,003,160

#### 4.7 GCF Trustee (World Bank) Workplan and Estimated costs for CY 2023 (as submitted by the Trustee)

**Table 20: Estimated Costs**

<b>GCF Trustee: Administrative Budget 1 January - 31 December 2023 (in United States dollars)</b>				
	<b>Board Approved Budget (January 1, 2022 - December 31, 2022) A</b>	<b>Estimated 2023 Budget (January 1, 2023 - December 31, 2023) B</b>	<b>Change (2022-2023) B - A</b>	
1. Financial and programme management	941,000	941,000	-	0%
2. Investment Management	2,520,000	1,980,000	-540,000	-21%
3. Accounting and reporting	83,000	83,000	-	0%
4. Legal services	102,000	112,000	10,000	10%
<b>Total: Trustee</b>	<b>3,646,000</b>	<b>3,116,000</b>	<b>-530,000</b>	<b>-15%</b>

#### Trustee Workplan Description

109. 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.

110. Financial and Program Management fee covers services related to management and execution of financial transactions, including receiving and processing of contributions, recording allocations and commitments, executing cash transfers to recipients using World Bank financial systems and procedures, and regular financial reporting for the GCF Trust Fund. It includes collaboration with the GCF Secretariat, responding to day-to-day enquiries from the Secretariat, Contributors and other GCF constituencies and stakeholders, as well as ad hoc advisory services to and preliminary consultations with the Secretariat on issues related to foreign exchange, sustainable management strategies and the launch of the GCF-2 Replenishment process.

111. Investment Management fees are calculated based on a flat fee of 4.5 basis points (i.e. 0.045%) of the estimated average annual balance of the undisbursed cash in the GCF Trust Fund. For the purpose of the budget estimate for CY2023, an average annual cash balance of US\$ 4.4 billion is assumed, based on information provided by the GCF Secretariat. Actual

investment management costs may vary depending on the actual average liquidity balance in the GCF Trust Fund during CY2023.

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

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

## 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 2023 output-based budget approach reflects the same approach used for the first time in 2020 and then in 2021 and 2022. In this context, it is important to note that almost 67 per cent of the 2023 Secretariat's administrative budget is allocated to staff costs. The Staff and consultant costs, professional services and the information and communication technology budget account for about 80 per cent of the 2023 Secretariat budget. While attributing costs to the Secretariat's six 2023 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 2023 effort towards output-based budgeting uses the broad 2023 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 2023 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**

<b>Strategic Objective Description</b>	<b>Budgeted amount ( in USD)</b>
<b>01- Develop country capacity and tools to translate NDC/NAP/LTS into climate investments</b>	16,875,825
<b>02- Build a pipeline of ambitious funding proposals that meet the GCF's portfolio targets</b>	18,245,865
<b>03- Strengthen delivery of climate results</b>	15,402,317
<b>04- Enhance access to GCF financing</b>	10,608,907
<b>05- Nurture world class climate finance expertise and organizational performance</b>	13,812,704
<b>06- Help deliver a successful second replenishment for GCF</b>	18,676,088
<b>Total</b>	<b>93,621,706</b>

**Table 2: Output-based budget details**

<b>Strategic Objective Description</b>	<b>Budgeted amount ( in USD)</b>
<b>01- Develop country capacity and tools to translate NDC/NAP/LTS into climate investments</b>	<b>16,875,825</b>
Full-time Staff	11,337,242
Consultants	484,826
Travel	540,599
Professional Services	1,290,000
Other Operating Costs	3,223,158
<b>02- Build a pipeline of ambitious funding proposals that meet the GCF's portfolio targets</b>	<b>18,245,865</b>
Full-time Staff	12,692,247
Consultants	619,999
Travel	456,135
Professional Services	1,224,000
Other Operating Costs	3,253,484
<b>03- Strengthen delivery of climate results</b>	<b>15,402,317</b>
Full-time Staff	9,705,074
Consultants	414,275
Travel	418,540
Professional Services	2,313,000
Other Operating Costs	2,551,428
<b>04- Enhance access to GCF financing</b>	<b>10,608,907</b>
Full-time Staff	7,617,195
Consultants	404,486
Travel	382,374
Professional Services	432,233
Other Operating Costs	1,772,619
<b>05- Nurture world class climate finance expertise and organizational performance</b>	<b>13,812,704</b>
Full-time Staff	9,662,530
Consultants	1,017,192
Travel	45,874



<b>Strategic Objective Description</b>	<b>Budgeted amount ( in USD)</b>
Professional Services	807,594
Other Operating Costs	2,279,514
<b>06- Help deliver a successful second replenishment for GCF</b>	<b>18,676,088</b>
Full-time Staff	11,536,784
Consultants	405,801
Travel	687,220
Professional Services	2,477,440
Other Operating Costs	3,568,842
<b>Grand Total</b>	<b>93,621,706</b>

## Annex IV: Total administrative budget including independent units

		2022 approved budget	Updated Budget Baseline (inc. Decision B.30/06)	Proposed 2023 budget	Change in 2023 draft budget over Updated Budget Baseline	% change
1	Board	4,767,656	4,767,656	5,415,346	647,690	13.6%
2	Secretariat	81,002,368	91,822,334	93,621,706	1,799,372	2.0%
3	Trustee	3,646,000	3,646,000	3,116,000	-530,000	-14.5%
4	Independent Units					
	Independent Redress Mechanism	1,645,915	1,645,915	1,805,501	159,586	9.7%
	Independent Integrity Unit	3,102,910	3,102,910	3,258,868	155,958	5.0%
	Independent Evaluation Unit	6,487,012	6,487,012	6,964,283	477,271	7.4%
	<b>Grand total</b>	<b>100,651,861</b>	<b>111,471,827</b>	<b>114,181,704</b>	<b>2,709,877</b>	<b>2.4%</b>

## Annex V: 2023 Secretariat Work Programme Results Framework

Intended Results (IR) #	Intended Result description	KPI #	KPI Description	Target
<b>Strategic Objective 1: Advancing developing country capacity and tools to translate NDCs/NAPs/LTS into climate investments</b>				
1.1	NDAs/AEs capacitated to access and use climate information/ assessments for investment planning & programming	1.1.1	% achievement of milestones towards establishing a climate information gateway and expert advisory forum	100%
		1.1.2	% developing countries engaged to encourage and facilitate use of readiness and national adaptation planning support to develop climate/vulnerability studies and access climate expertise, for investment origination	90%
		1.1.3	# climate studies / vulnerability assessments extracted from readiness deliverables into useable knowledge	25
1.2	Investment plans that identify prioritized climate interventions matched with best-fit financial sources	1.2.1	% achievement of milestones toward further development of investment planning guidance, building on country programme guidance and programming lessons learned	100%
		1.2.2	# of countries engaged by regional desks (including through technical assistance, firm and expert deployments) on country programmes and associated investment planning	30
1.3	DAEs with capacity for climate programming & implementation	1.3.1	# of DAEs provided with support through readiness or PPF grants or technical assistance to develop GCF funding proposals, including through end-to-end project development support and via DAE IRMF window	15
		1.3.2	% achievement of milestones toward presentation to the Board of a revised readiness strategy including a proposed dedicated DAE support modality	100%

Intended Results (IR) #	IR Description	KPI #	KPI Description	Target
<b>Strategic Objective 2: Building a pipeline of ambitious funding proposals that meet the GCF's portfolio targets</b>				
2.1	Portfolio aligned with GCF-1 targets on mitigation:adaptation, DAE share, PSF share and LDC/SIDS/ African states share of adaptation	2.1.1	# of funding proposals submitted to the independent TAP with disaggregation for adaptation, DAE and PSF	23-31 Adaptation: 14-24 DAE: 3-10 PSF: 7-12
		2.1.2	\$ (USD) volume of funding proposals submitted to the independent TAP with disaggregation for adaptation, DAE, PSF	1.6-2.1B Adaptation: 870-1175M DAE: 250-465M PSF: 650-1000M
2.2	Increase in SAP proposals and speed of SAP delivery	2.2.1	# of SAP funding proposals submitted to the independent TAP with disaggregation for DAEs	6-9 DAE: 3-4
		2.2.2	% SAP funding proposals reviewed within service standard	70-75% reviewed within 30 Days
		2.2.3	% SAP funded activity agreements signed within 1 month of SAP funding proposal approval	35 - 40%
2.3	Promote innovation, de-risking and strengthening of national financial systems	2.3.1	% developing countries engaged to encourage and facilitate use of readiness support for private sector engagement	90%
		2.3.2	# proposals on new instruments/applications of GCF funding modalities (incl. requests for proposals) developed	3
		2.3.3	% increase in PSF led projects using equity, guarantees, or other innovative de-risking instruments submitted to iTAP	25%

Intended Results (IR) #	IR Description	KPI #	KPI Description	Target
<b>Strategic Objective 3: Strengthening delivery of climate results</b>				
3.1	Implementation of the GCF portfolio on time, on scope, on budget	3.1.1	% approved funding proposals under implementation	90%
		3.1.2	% portfolio of projects rated 'on track'	70%
		3.1.3	% portfolio of readiness grants rated 'on track'	67%
3.2	Adaptive management to adjust to unforeseen circumstances and maximize project success	3.2.1	Median # of business days taken to process readiness grant change requests	20
		3.2.2	Median # of business days taken to process funded activity restructuring requests	30
		3.2.3	# of funded activities where adaptive management actions are taken	50
3.3	Harness knowledge and learning to improve investment design, delivery capacities and GCF processes	3.3.1	% achievement of milestones to develop new learning loop	100%
		3.3.2	# of knowledge products developed	5
		3.3.3	# GCF products or processes updated to take account of lessons learned	4
<b>Strategic Objective 4: Enhancing access to GCF financing</b>				
4.1	Implementation of a complete and coherent GCF policy suite and streamlined and harmonized processes	4.1.1	% achievement of milestones toward delivery of action plan on GCF-GEF process harmonization	100%
		4.1.2	% of policies submitted for Board approval with preliminary implementation planning completed	100%
		4.1.3	# of initiatives piloted to improve process efficiency and effectiveness	3 - 6
4.2	Enhanced quality at entry of proposals	4.2.1	# trainings delivered to countries/accredited entities/delivery partners to socialize readiness and funding proposal development and appraisal tools	3

Intended Results (IR) #	IR Description	KPI #	KPI Description	Target
4.3	Execution of strategic approach to accreditation and PSAA rollout	4.3.1	Re-accreditation and accreditation applications progressed by Secretariat from Stage I to Stage II (Step 1)	25
		4.3.2	# of first or amended and restated AMAs signed	12 (of which at least 9 are DAEs)
		4.3.3	% achievement of milestones to launch PSAA	100%
<b>Strategic Objective 5: Nurturing world class climate finance expertise and organizational performance</b>				
5.1	Full strength, talented and diverse workforce with climate finance expertise and GCF-value aligned culture	5.1.1	% fill ratio	90%
		5.1.2	% improvement in net promoter score	5%
		5.1.3	% achievement of milestones in the update of the AGHR and performance management framework	100%
5.2	Effective governance and support for the Board	5.2.1	% of standard information documents published on time for Board meetings	100%
		5.2.2	% achievement in implementation of the governance manual	80%
		5.2.3	% achievement of milestones in submission of COP report and response to COP guidance	100%
5.3	Efficient and effective institutional systems using data as a strategic asset	5.3.1	% achievement of milestones in the implementation of the data strategy	100%
		5.3.2	% of priority 1 action plans (reflecting top priorities from internal risk assessments and internal audits) due and implemented in 2023	75%
		5.3.3	# of SMT reviews of corporate performance, including determination of adaptive management action	At least 4

<b>Strategic Objective 6: Helping to deliver a successful second replenishment for GCF</b>				
6.1	Secure contributions for GCF-2	6.1.1	% achievement in completion of replenishment milestones	100%
		6.1.2	% (volume) of GCF-2 contribution agreement signed in 2023	25% <sup>1</sup>
6.2	Positive GCF global profile	6.2.1	# cross-Secretariat meetings to coordinate messaging and engagements	4
		6.2.2	# of GCF hosted high profile event engagements completed	3
		6.2.3	# of strategic partnerships advanced to support programming and replenishment outcomes	4
6.3	Updated strategy for GCF-2	6.3.1	% achievement in milestones toward completing Board consideration of the update to the GCF strategic plan	100%
		6.3.2	% achievement in milestones toward development of a regional presence feasibility assessment	100%

---

<sup>1</sup> Target will be calibrated with the threshold for effectiveness under the GCF-2 policy for contributions