

# Work programme of the Secretariat for 2022 and administrative budget

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This document captures the programme as adopted by the Board in decision B.30/07, paragraph (b). The programme was sent to the Board for consideration at B.30 in document GCF/B.30/09 titled “2022 work programme of the Secretariat and annual administrative budget of the GCF Secretariat, Board and Trustee”.

All decisions and documents adopted at B.30 can be found in document GCF/B.30/17 titled “Decisions of the Board – thirtieth meeting of the Board 4 - 7 October 2021”.



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## I. Introduction

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

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

3. The 2022 work programme is also, significantly, the first Secretariat work programme developed following the Board’s endorsement of the Updated Strategic Plan for 2020-2023 (USP), which established new programming goals, strategic and institutional priorities for the GCF first replenishment period (GCF-1). While for 2021 the Secretariat sought to make some post-Board approval adjustments to its workplan to match USP directions, the 2022 work programme and budget is the first to be formally developed in full vertical alignment with the strategic objectives, strategic priorities and institutional priorities set out in the USP.

4. Accordingly, the expansion in the Secretariat’s activities and budget proposed for 2022 are designed to respond specifically to the new and enhanced areas of work identified in the USP. This includes the importance of aligning upstream programming engagement and pipeline management with delivering the Board’s portfolio targets for GCF-1, requiring enhanced programming on adaptation, enhanced engagement with Direct Access Entities (DAEs), enhanced private sector programming, and enhanced impact over the remainder of GCF. This will require concerted engagement with countries, AEs and partners to nurture the kinds of projects and programmes that meet the ambitions of the USP. It also includes managing a portfolio of continuously growing size and complexity, which presents an increasingly complex array of implementation challenges and risks to manage, as well as increasingly rich material from which to draw an understanding of GCF’s results and lessons learned. This is particularly relevant in 2022 as the GCF prepares to initiate its second replenishment process. On the institutional front, the work programme captures the Secretariat’s commitment to ongoing pursuit of improved productivity, transparency and access for the Fund’s stakeholders, and integrates across its six priorities implementation of a set of deeper organizational reforms identified as part of a capability study to improve business processes and facilitate USP delivery.

5. It would also be impossible to contextualize the 2022 work programme without acknowledging that for most of the GCF-1 period, over 2020 and 2021, the Secretariat has conducted its work and operations in the context of the global COVID-19 pandemic. In spite of the added challenges this posed, the Secretariat has remained on track to meet or exceed the majority of its programming, implementation and institutional targets throughout the GCF-1 period to date. It has demonstrated that it is well positioned to continue programming an average of least USD 2.5 billion a year should commitment authority allow. It has also

accelerated portfolio implementation while the portfolio has grown, increasing the speed with which projects reach implementation and the overall share of the portfolio that is being implemented and disbursed. Based on work to consolidate and codify its internal policy-development and implementation processes, it has also been able to support the Board with accelerated implementation of its policy workplan across 2021.

6. The Secretariat has been able to deliver these results through a combination of efficiency gains captured through comprehensive process codification and streamlining; enhanced digitalization giving the Fund the agility to maintain and even improve operations through the pandemic; deployment of additional FTE through consultants to supplement critical staff capacity gaps; and through the commitment of its employees who have often gone above and beyond to deliver. This being said, the last two years have also not been without challenges, with the COVID-19 pandemic having a notable effect on the Secretariat's ability to effectively engage upstream with countries and entities, significantly increasing adaptive management requests, and adding further pressures on staff safety, work life balance and wellbeing.

7. In totality, the 2022 work programme reflects that with the implementation of the USP and the growth of the GCF portfolio, the responsibilities exercised by the Secretariat in delivering the operational agenda of the GCF continue to expand. In parallel with the development of this work programme and budget, the Board is also considering a review of the capabilities of the Secretariat to deliver the USP. This capability review provided estimates of the resourcing the Secretariat would need to adequately deliver the USP, in parallel with pursuing further efficiency and effectiveness measures across its key business processes. The review includes an examination of the adequacy of the Secretariat's approved staff headcount of 250. As consideration of the capability review by the Board is still ongoing, the 2022 work programme and budget proposal does not pre-judge its outcome, but observes the current staffing headcount cap of 250 and proposes increasing the Secretariat's total FTE capacity through other means such as enhanced deployment of consultants and interns, to allow it to meet the USP directives. While the Secretariat has through this approach strived to maintain alignment between its 2022 work programme and the USP, should adequate resourcing not be availed through either this budget or the USP capability review, it would be required to take an active management approach in prioritizing and making trade-offs between delivery of various activities based on available capacity.

8. As in the past, the 2022 work programme does not attempt to describe the thousands of activities that the Secretariat engages in on a day-to-day basis to enable the GCF to develop and oversee its multi-billion-dollar portfolio. Instead, the work programme will highlight GCF initiatives under the following six key 2022 priorities:

- (i) Supporting origination of country-driven, paradigm-shifting investments and enhancing direct access
- (ii) Project development and appraisal to build a USP-aligned, impactful GCF portfolio;
- (iii) Management of portfolio implementation for results and knowledge;
- (iv) Supporting the Board and consolidation of policy & governance frameworks
- (v) Facilitating access and accelerating implementation by optimizing efficiency, effectiveness and transparency; and
- (vi) Consolidating institutional capacity, culture and performance in preparation for the GCF second replenishment

9. The accompanying results framework for 2022, set out in annex III, focuses on both quantitative and qualitative outcomes expected under these six priorities.

10. While the work programme presents related initiatives in an integrated manner, as in past submissions, the 2022 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 2022 deliverables. Finally, Annex I 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. Highlights of the Secretariat priority initiatives in 2022

### 2.1 Supporting origination of country-driven, paradigm-shifting investments and enhancing direct access

10. Under its first strategic priority on 'Strengthening country ownership of programming', the USP reinforces GCF's country-driven approach, recognizing that this relies on developing countries having the capacity and support to turn their nationally determined contributions (NDCs), national adaptation plans (NAPs) and other climate strategies into supportive enabling frameworks and concrete climate investments. In parallel, the USP set clear ambitions for GCF to deliver balanced, impactful programming through a series of portfolio targets for GCF-1: including balancing mitigation and adaptation funding, significantly increasing funding through DAEs, and increasing private sector programming and mobilization.

11. The 2022 work programme begins from the premise that to deliver these USP goals, there needs to be concerted work to foster **engagement and alignment between GCF, NDAs, AEs and delivery partners, to strengthen origination of high quality project ideas and concept notes aligned with GCF-1 programming goals and developing countries' priorities**. The Secretariat has a central role to play in 'triangulating' these efforts through its upstream engagement with developing countries, AEs and DPs. A first step will involve drawing together a coherent and regularly updated set of Fund-level communications and programming guidance, to ensure stakeholders are well informed of the Board's USP goals and priorities, as these are elaborated through initiatives such as the DAE action plan, sector guides, private sector strategy and other programming directions. Second, the Secretariat, led by its Division of Country Programming, will organize a series of focused programming dialogues – at country, regional and entity levels – to help match country climate priorities with the strengths of accredited entities (AEs), in particular DAEs, and foster development of GCF-aligned investment plans and project proposals. These programming engagements are expected to continue in a virtual format until in-person meetings are able to resume. Third, upstream engagement will actively promote complementarity and coherence in climate programming, building on the GCF-GEF long-term collaboration strategy, engagement with the Adaptation Fund and other climate finance delivery channels. Overall, upstream engagement will be directed at ensuring the Fund's stakeholders are well informed of the Board's GCF-1 goals, and orienting partner engagement and support mechanisms toward nurturing promising project ideas that can help meet the ambitions of developing countries, the USP and UNFCCC and Paris Agreement.

12. **Country programming and entity work programming remain cornerstones of this effort**, as key mechanisms for ensuring a country-driven GCF portfolio and enabling early identification of project concepts that can have the greatest mitigation or adaptation impact for

countries. While progress on country programmes suffered delays in 2021 because of the COVID-19 pandemic, the Secretariat expects that 2022 will see the submission of at least 30 high quality country programmes setting out GCF-facing investment plans and pipelines. The Secretariat expects to work actively with countries on these to assure alignment with countries' NDCs, NAPs or other climate strategies and with GCF programming directions.

13. It is worth noting that nowhere is the need for GCF guidance and upstream engagement more noticeable than under this USP goal of augmenting country programming efforts. There remains no concrete requirement or incentive in the GCF programming framework for countries to finalize country programmes. While numerous country programme drafts have been submitted to the Secretariat as a result of substantial historical support, experience to date indicates additional individual attention and guidance is required to enhance their quality, in particular the components setting out GCF-aligned, accredited entity (AE)-coordinated investment plans. Having high quality country programmes with well-defined investment plans is an essential precondition to using these as tools for managing pipeline focus on country-driven high-impact project ideas, including multi-stage or regional programmatic approaches. In support of these efforts, the Secretariat will work to expand existing country programming guidance and technical support to reach all interested countries. It will also continue efforts to better coordinate and align country priorities with entity workplans. Finally, country and entity work programmes will also serve as key reference material to understand programming needs and potential as part of the strategic programming exercise for GCF's second replenishment.

14. A critical component of Priority 1 will be **operationalizing the DAE Action Plan to meet the USP ambitions to significantly scale-up DAE programming**. The DAE Action Plan has been designed to implement a shift away from ad-hoc provision of support to DAEs, toward an integrated end-to-end approach which supports DAEs across the entire value-chain of engagement with GCF: from pre-accreditation, through programming and into project and policy implementation. As part of this action plan, country programmes as well as analysis of the AE pipeline can be used to strategically identify DAEs who are well matched to delivering GCF programming for countries, and which could fill gaps in the current AE portfolio, including through the ability to utilize different instruments, propose projects at greater scale and enhance adaptation programming. This analysis would be used to inform management of the accreditation pipeline as well as targeting of pre-accreditation support for DAEs.

15. One notable challenge recognized by the DAE action plan is that many DAEs accredited to the GCF have not yet brought forward funding proposals for approval, or have had concepts notes or funding proposals move very slowly through the project review cycle. To seek to address these challenges, the DAE Action Plan includes a number of initiatives for 2022 designed to help DAEs advance project development. These will include trialling expert placements in DAEs to serve as 'embedded resources' for managing GCF programming engagement; curating a DAE onboarding/training programme to ensure DAEs have ready access to step-by-step information to help them navigate accreditation, programming and implementation processes; and developing standardized readiness packages to support common DAE needs (for example supporting country-level coordination, climate information, building logframes, etc). Coordinated by the DAE Manager, the Secretariat will also **activate readiness and PPF TA and grants to help move DAE projects through the project review, approval and implementation cycle**, aiming to help DAEs address review feedback or other requirements. Regular interdivisional meetings to review the DAE pipeline will signal where focused engagement or support deployment is needed to mature projects. Dedicated programming and learning forums are also expected to be a key activity throughout 2022. Finally, with support of ICT systems, the Secretariat will develop additional guidelines on DAE –



IAE collaboration, seeing how working with an IAE on project proposals can effectively and practically speed up DAE capacity to undertake their own programming with the GCF.

16. The Secretariat will continue to both **enhance access to readiness resources as well as improve the outcome orientation of readiness programming in line with the USP**. It will work to secure predictable readiness budget through an updated workplan to be presented to the Board in early 2022. Building on needs identified through country programming, readiness will seek to provide support for integrated climate planning, national adaptation planning, pipeline origination, strengthening policy and regulatory settings, increased private sector engagement and developing the climate investment capabilities of national financial institutions. The focus on climate resilient recovery measures will also continue into 2022. The Secretariat will work to enable these efforts by updating guidance on multi-year proposals and readiness needs assessments and developing standardized packages for commonly-used small grants to improve delivery and accelerate time to approval. On an internal level, it will work towards increased digitalization and standardization of internal review processes and workflows for both proposal approval and implementation. The 2022 work programme will see the totality of these efforts be informed increasingly by learning loops from analysis of readiness results, discussed further under Priority 3.

17. The USP also recognizes that the success of the upstream engagement and origination measures described above 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. Following the USP priority on 'Improving access to fund resources', the Secretariat will work over 2022 to **align accreditation and reaccreditation with the strategic approach set out in the USP**, focused on synergy between the AE portfolio and GCF's programming goals, AE contribution to programming, and IAE contribution to building DAE capacities. The reality is that of the entities fully accredited to the GCF, only 44% (36/82) of AEs have projects approved and 86.5% (71/82) have projects submitted to the GCF. Even among active network of AEs, approved proposals tend not to make full use of AE's accreditation scope, instruments or geographic coverage. Accordingly, the Secretariat will seek to actively manage the accreditation pipeline in alignment with the broad directions set out in the USP, to identify prospective AEs which can work in areas that are currently underserved in the existing GCF portfolio and have the capacity to begin related programming efforts.

18. Ensuring the GCF's AE network is able to fully engage on programming is reliant on all AEs having fully effective AMAs. The Secretariat expects to work with a further 5 AEs to conclude AMAs in 2022, including 2 private sector AEs and 2 DAEs. In 2022 the Secretariat will also handle an **increasing number of re-accreditation applications** – up to 15 over the course of the year – which implies a growing volume of work in analysing AE self-assessment reports, AE contribution to GCF programming and processing re-accreditation applications in tandem with the Accreditation Panel. Critical levers to improve the efficiency and effectiveness of the accreditation and reaccreditation processes remain in the Board's hands: through further elaborating an accreditation strategy or prioritization decision, streamlining the accreditation framework and adopting a project-specific accreditation approach, measures that could help improve the effectiveness of the accreditation process and enhance access to GCF. The Secretariat stands ready to support these initiatives as implementation is agreed by the Board.

## 2.2 Project development and appraisal to build a USP-aligned, impactful portfolio



19. In line with the USP priority on 'Fostering a paradigm-shifting portfolio', Priority 2 of the 2022 work programmes focuses on the Secretariat's efforts to **support the development of both the quantity and quality of funding proposal programming called for by the Board's GCF-1 portfolio goals**. These include the goals of achieving: higher portfolio level mitigation and adaptation impact compared to IRM, balancing mitigation and adaptation funding, maintaining a floor level of adaptation funding to particularly vulnerable countries, substantially increasing funding channelled through DAEs, and ensuring at least a 20% allocation through PSF and increasing mobilized private finance (with all relevant goals measured in grant equivalent terms). Given available commitment authority and GCF-1 programming to date, the Secretariat expects to have to engage in significant proactive pipeline management efforts to foster programming aligned with these goals.

20. Following the GCF-1 Financial Plan presented to the Board at B.29<sup>1</sup>, there are several scenarios for available commitment authority in 2022, ranging from a baseline of USD 1.15 billion under the current contribution payment schedule, to around USD 1.65 billion if some late-2022 contributions are advanced earlier into the year, up to USD 2.4 billion if additional contributions are received. Taking account of these scenarios, the Secretariat proposes to **advance a pipeline of at least USD 1.77-2.4 billion to ITAP review**, allowing projects to be ready for Board approval subject to ITAP endorsement and resource availability. This takes account of the fact that, even in the lower 2022 commitment authority scenarios described above, there is expected to a surge in commitment authority in the early part of 2023, which will require additional programming to be ready for approval early in the following year. It also takes account of a expected rate of attribution between projects submitted to ITAP and those endorsed by ITAP for Board consideration and approval.

21. While 2022 programming volumes are accordingly expected to be slightly below 2021 levels, due to available commitment authority, in 2022 the Secretariat will bring additional focus to **aligning the portfolio with the Board's GCF-1 programming targets, requiring a boost in programming on adaptation, direct access and the private sector, with enhanced impact potential**. To guide these efforts, the 2022 work programme includes disaggregated targets for adaptation (18-22 funding proposals, USD 800-1100 million in nominal terms), direct access (9-14 funding proposals, USD 350-550 million in nominal terms) and private sector facility programming (12-14 funding proposals, USD 750-900 million, including 4 adaptation proposals/4 DAE proposals). Attempting to balance these portfolio goals will demand an active approach to pipeline management and targeted programming guidance and support, with the Secretariat expecting to review a significantly larger volume of country and entity work programme 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.

22. With regards to specific funding windows for programming, related Board decisions will dictate the focus for 2022. The SAP offers a recognized tool to support DAE and adaptation programming, particularly in SIDS, LDCs and Africa. However as noted under the related policy proposal, the impact of the SAP in 2022 will be closely linked to Board decisions on updating this modality, which are likely to influence its scope and scale of utilization. At the time of

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<sup>1</sup> Document GCF/B.29/Inf.07/Add.02



preparing this work programme, the Secretariat is anticipating under current policy settings a **continuation of current annual SAP programming volumes**, expecting to process 7-9 SAP proposals for USD 70-90 million in 2022. Added focus will be placed on expanding SAP for replicating or scaling up successful projects funded by other climate funds. Building on efforts kick-started in 2021 the Secretariat also expects to continue making use of external technical support for a first review of SAP proposals before the Secretariat's final due diligence process. Should the Board approve an update of the SAP to further simplify and expand access, the Secretariat stands ready to operationalize any new modalities under this funding window, noting that a significant expansion in SAP demand would also require a matching expansion of capacity to process increased SAP review and implementation volumes.

23. **Requests for proposals (RfPs) could also be utilized to build pipeline in key GCF-1 programming areas in 2022, subject to Board decision.** Given the operationalization of completely new RfPs is time consuming and likely to deliver limited results over the remainder of GCF-1, the Secretariat's related policy proposal focuses on updating RfPs which have an existing mandate from the Board and COP, and can contribute strategically to GCF-1 programming. This includes extending the REDD+ results based payments RfP while a second phase is negotiated, to facilitate access by new countries that have not benefited from funding in this critical sector; updating the EDA terms of reference to encourage more submissions under the ongoing pilot programme funding envelope, as a boost to DAE programming; and advancing terms of reference for an RfP on climate technology incubators and accelerators, which would respond to both COP guidance as well as USP directions to promote innovation of mitigation and adaptation technologies. Pending the outcome of Board deliberations, the Secretariat stands ready to operationalize these funding windows in 2022, while also continuing to process proposals still in the pipeline under the MFS and MSME RfPs.

24. In support of project development engagement with and entities, the Secretariat will also through 2022 enhance **provision of practical, technical programming and appraisal guidance and support, including project preparation grants and technical assistance**, to help mature promising funding proposal aligned with USP goals. The goal to significantly increase the share of DAE programming will be supported by the DAE Action Plan and dedicated DAE pipeline development initiatives described under Priority 1. A key cross-cutting activity will be the socialization and finalization of sectoral guidance, which analyses widespread country needs and evidence-based programming experiences, and identifies opportunities for high-impact, paradigm-shifting project types in each sector. Based on GCF-1 experience to date, the Secretariat also sees the need and opportunity for **improving technical support for adaptation proposals**, through provision of clearer technical guidance and support on the use of climate science and data, supporting structuring of adaptation proposals, actively fostering opportunities for private sector engagement in adaptation programming, and continuing to work with ITAP on more transparent and consistent approaches to assessing funding proposals,. Efforts in this latter regard will be consolidated through finalization and operationalization of a project appraisal manual, which will help stakeholders better understand how funding proposals are assessed against the initial Investment Framework and other related GCF policies, with tools to help them design funding proposals for faster and smoother approval. Active pipeline management efforts will also be supported by targeting project preparation support and technical assistance to support quality CN/FP development and mature promising project concepts for approval. The totality of this work is designed to help countries and AEs substantially improve project quality upstream and hence reduce the number of revisions required through the project review process, which will serve to both speed up access and increase efficiency and effectiveness.



25. Building on the USP priority on ‘Catalysing private sector finance at scale’, another key focus of the Secretariat’s work in 2022 will be **enhancing programming and mobilization of private finance through the Private Sector Facility**. While these efforts will be more specifically informed by the Board’s consideration of a private sector strategy and review of PSF modalities, overall, efforts will be directed to diversifying and enhancing the Fund’s private sector portfolio from one that has historically been dominated by international access, public AE, mitigation/energy projects, toward seeking to work with a more diverse range of private sector actors, including national and regional DAEs and local private sector actors, on a more diverse range of projects, and in particular, an increased number of adaptation projects.

26. Private sector programming and engagement in 2022 will first aim to leverage the largest capacity-building support windows for climate action, the GCF Readiness Programme and PPF, to support countries and AEs, in particular DAEs, to promote a conducive investment environment for private climate investments. Linked to the USP ambition of fostering innovation, the GCF can also provide scarce early-stage, risk-capital financing for new mitigation and adaptation technologies, business models and practices, in particular through local actors, to help accelerate climate innovation in developing countries. Further along the value-chain, the Fund has the means to deploy blended finance through its range of financial instruments to support the USP ambition of increasing private sector mobilization, by de-risking high impact climate projects and crowding-in private finance. There are numerous opportunities for GCF to act as a patient investor and market-marker to address gaps in the climate finance architecture by taking the most junior position through a first loss equity or guarantee position or acting as an anchor investor. Finally, the sustainability of scale of GCF’s private investments are dependent on the financial systems where it operates. The Secretariat can accordingly also support work to strengthen domestic financial systems and institutions to scale up private finance, by supporting intermediation between international private sources and domestic capital markets, and developing the capacity of domestic financial institutions to mainstream climate risks and opportunities in investment decision-making. Board decisions on **PSAA and local currency financing are linked to private sector engagement efforts and would magnify the Fund’s potential** in this regard.

27. Finally, all the Secretariat’s work on building the GCF’s portfolio will continue to **advance best practices in safeguarding**, building on the GCF’s excellent track record to date of maintaining adherence and compliance with its Environmental and Social Policy, Gender Policy and Indigenous Peoples Policy.

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

**Table 1: Evolution of annual GCF programming volume**

Year of approval	GCF resources (USD)	Number of funding proposals
2015	145,820,909	7
2016	1,123,049,818	25
2017	843,299,474	17
2018	1,947,581,133	41
2019	1,026,130,025	31

2020	2,061,331,890	37
2021 (up to B.29)	1,698,190,843	19
<b>Grand Total</b>	<b>8,845,404,092</b>	<b>177</b>

29. **Table 2 below includes indicative programming goals for 2022.** This year's assessment is made more complex due to the uncertainty around commitment authority scenarios, and also the potential need for trade-offs to be made in striving to deliver the Board's GCF-1 portfolio goals. The goals below have been put forward based on the Secretariat's assessment of the current pipeline, and on the assumption that the budget request put forward by the Secretariat in this document will be approved at the level requested to enable support for qualitative- as well as quantity- focused pipeline management. In terms of assumptions, it must also be noted that decisions on key policy items, including the SAP, programmatic approach, adaptation approach and climate rationale could have a significant impact on the Secretariat's ability to achieve the projected programming outputs expected for the year 2022 included in the table below. Finally, the programming goals below may also be affected by the still uncertain course of the COVID-19 pandemic which could lead to a re-prioritization of resourcing allocations in countries and entities that will affect programming with the GCF.

**Table 2: 2022 Programming goals**

		Readiness (non-NAP)	Adaptation planning	PPF	FPs (Total incl. PAP, SAP, Adaptation, DAEs)	SAP*	Adaptation*	DAE (incl. SAP & EDA)*
		USD amount (number of proposals/requests)						
Country Programming	Approval	32.5 million (65 requests)	37.7 million (16 requests)	7.2 million (12 requests)	20 million (2 proposals)	20 million (2 proposals)	-	-
	Disbursement	13 million (first disbursement)	15.1 million (first disbursement)	3.6 million (first disbursement)				
Private Sector	Approval				750-900 million (12 - 14 proposals)	20 million (2 proposals)	300 million (6-7 proposals)	150 million (4 FPs)
	Disbursement	-	-	-	281-325 million	2-2.4 million	20-21 million	74-86 million
Public Sector	Approval	-	-	-	1000 – 1,500 million (25-30 proposals)	30-50 million (3-5 proposals)	500-800 million (12-15 proposals)	200-400 million (5-10 proposals)
	Disbursement	-	-	-	541-625 million	13-16 million	507-610 million	51-60 million
Totals	Approval	32.5 million (65 requests)	37.7 million (16 requests)	7.2 million (12 requests)	1.77 – 2.4 billion (39 - 46 proposals)	70-90 million (7-9 proposals)	800 – 1,100 million (18-22 proposals)	350-550 million (9-14 proposals)
	Disbursement	13 million (first disbursement)	15.1 million (first disbursement)	3.6 million (first disbursement)	822-949 million	15-18 million	527-631 million	125-146 million

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

\* SAP, adaptation and DAE columns show sub-targets, these amounts are also included in the FP programming total.

## 2.3 Management of portfolio implementation for results and knowledge

30. Priority 3 aligns with the USP operational priority on 'Strengthening implementation, results and knowledge management, and covers the full suite of activities the Secretariat undertakes in **monitoring implementation and managing results for the GCF's fast-growing multi-billion dollar portfolio – one of its most important fiduciary responsibilities**. The GCF portfolio has already (to July 2021) almost doubled in volume since the start of GCF-1 and is expected to be almost triple the size of the IRM, or around USD 15 billion, by the end of 2023. To reflect the growing significance of portfolio management within its overall annual activities, the Secretariat has aimed to reflect more fully in its work programme and results framework for 2022 the full range of work it undertakes under this priority area. At the pre-approval stage this includes checking that funded activities are well designed and equipped to track results and compliance with GCF requirements during implementation. Post approval, these efforts are followed by the execution of legal agreements and clearance of conditions to move projects and readiness grants toward implementation and disbursement. This then triggers portfolio management, including adaptive measures to respond to restructuring and change requests. Finally, the Secretariat is responsible for reviewing significant volumes of annual readiness and project reporting to enable results management and systemic learning, activities which will be increasingly critical as the Fund heads into its second replenishment process.

31. Unlike annual programming, which is expected to be broadly steady across GCF-1, the **portfolio under implementation continues to grow substantially each year**. This demands a corresponding upscaling of the Secretariat's portfolio management capabilities, as the complexity and volume of work related to adaptive management, project integrity risk management, financial management, results management and knowledge management grows with the maturing portfolio. This is an area which historically has been under-resourced in the Secretariat – a result of portfolio management not being a priority when the last capability review was undertaken in 2017 – and which implicates teams well beyond the Office of Portfolio Management, in risk, safeguarding, finance, legal and other units. The 2022 work programme is premised on substantially bolstering Secretariat capacity in this regard.

32. Under this Priority, and building on progress made in 2020 and 2021, the Secretariat will maintain its commitment to take all steps within its power to **accelerate implementation processes with a view to expediting deployment of resources**. In these efforts, the Fund must work in concert with its partners, who are critical to expenditure of resources on the ground. 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 76% of the GCF portfolio is under implementation, exceeding the 75% target set for 2021: a significant achievement given the project delays resulting from the COVID-19 pandemic. In 2022, and in light of the USP's operational goal to have 90% of the total GCF portfolio by the end of GCF-1, the Secretariat will work toward having **over 80% of the GCF portfolio under implementation**. This will involve further efforts to simplify, standardize and accelerate the conclusion of legal agreements, and reviewing FAA effectiveness provisions to devise appropriate measures for reducing effectiveness timelines, so more FAAs can be ready for execution and effectiveness shortly after Board approval.

33. At the institutional level, the Secretariat will work to bolster its implementation processes, by outlining clear protocols for the timely handover of approved readiness grants, PPF grants and funding proposals from programming teams to the Office of Portfolio Management. To ensure that the completion of legal agreements is swiftly followed through with the disbursement of funds, the Secretariat will work to automate systems for disbursements and financial management. As a result of these efforts and the maturing portfolio, the Secretariat projects **record disbursements of USD 0.91-1.19 billion in 2022, reaching a projected cumulative disbursement level of USD 3,379-3,391 billion by end 2022**. This being said, while portfolio implementation and disbursements to AEs have seen accelerated progress in spite of the COVID-19 pandemic, the Secretariat is cognizant that this is only the first step towards having GCF resources deployed to the people and communities that need it most. Through its engagement with AEs the Secretariat will 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.

34. The significant expansion of the GCF portfolio under implementation, both readiness and funded activities, will lead to a concomitant increase in **Secretariat engagement in reviewing implementation reports tracking implementation against agreed milestones, and managing change and restructuring requests** – work that engages not only the Office of Portfolio Management, but also the Secretariat's risk, finance, sustainability and sectoral teams. The Secretariat projects that in 2022 it will receive for review over 350 implementation reports, a 43% increase on what was expected in 2021. This includes 155 funded activity reports (125 annual project reports (APRs), 20 interim and final evaluations, and 10 inception and baseline studies) and 200 readiness and project preparation reports (150 interim progress reports and 50 completion reports). While the Secretariat has ramped up its capacity to undertake progress reviews in a timelier fashion, additional resources remain imperative in order to be able to meet the full extent of this task.

35. As the portfolio grows and matures, the number and variety of issues identified in the course of implementation, requiring timely GCF response, will also naturally increase. Additionally, given the ongoing effects of the pandemic, the Secretariat expects the number of projects experiencing challenges may increase three-fold in 2022, requiring enhanced capacity to respond to adaptive management requests such as restructuring of Funded Activities, Readiness and PPF grants. The Secretariat projects it would need to respond to 50 adaptive management requests for Readiness and PPF and 40 for funded activities in 2022. The 2022 work programme results framework includes new indicators for AE, readiness and funded activity reports and change requests, to reflect the growing materiality of this work. Building on its experience with adaptive management during the COVID-19 pandemic, the Secretariat will evolve its portfolio management approach through **a more systematic approach to proactive adaptive management and project integrity risk management** in close communication with AEs and delivery partners. This will include standardizing the approach for dealing with adaptive management requests, including by establishing appropriate delegated mechanisms for decision-making on proposal amendments. Based on performance management mechanisms as well as random annual portfolio samplings the Secretariat also expects to act on its mandates under the monitoring and accountability framework to conduct spot checks, including through ad-hoc visits should travel be feasible in the second half of 2022.

36. To support initiatives in this area, provided resourcing is available, the Secretariat hopes to make **significant further investments in its portfolio, data, risk and results management systems in 2022**. Building on work to date, this could boost the efficiency and effectiveness of portfolio implementation processes, benefiting GCF's partners through improved ease of interface with the Fund and improved response times, enhancing

transparency and access to information, and facilitating GCF's systematic tracking of implementation progress and results analysis. Activities will involve further expansion of the digital Portfolio Performance Management System (PPMS) to operationalize early risk warning systems and trigger risk management procedures. The Secretariat will also work closely with the Independent Integrity Unit to spot and manage risks through machine-learning assisted proactive integrity reviews. Finally, the Secretariat hopes, subject to resourcing, to initiate work on a multi-year data strategy, which will help consolidate and curate GCF data in a data factory that will enable greater ease of use and more advanced data analytics over time. This further automation and consolidation of data, performance and risk management systems is expected to allow both a timely and increasingly standardized and automated response to implementation challenges or bottlenecks, as well as proactive issue identification.

37. In addition to the compliance and risk management components of portfolio management, the last critical workstream under this priority covers the Secretariat's work on **monitoring and evaluating (M&E) of project results and knowledge generation**. This work starts from robust pre-approval planning for M&E as part of origination (to integrate evidence generation in proposal design) and appraisal (for review and clearance of M&E elements and ensuring accuracy of methodologies applied) and then post-approval through the finalization of FAAs. This is of particular relevance for DAEs and actions in this respect will be integrated into the DAE Action Plan described in Priority 1. In 2022 the Secretariat will also operationalize Board mandated work on addressing measurement gaps in the IRM portfolio, working with an external vendor and in close collaboration with AEs to apply corrective M&E measures for IRM projects presenting medium and high risks with regards to results monitoring and reporting. For Readiness proposals, the Secretariat will work with NDAs and delivery partners on a consistent approach for designing Theories of Change, logical and M&E frameworks that can improve the coherence, consistency and credibility of results reporting by ensuring proposals can be monitored, implemented and supervised appropriately.

38. Following the Board's adoption of an integrated Results Management Framework in mid-2021, the Secretariat will undertake significant implementation work extending into 2022. This will include development of a Results Handbook for Board consideration, that will guide countries and AEs in applying the novel results architecture and choosing appropriate measurement methodologies across all funding proposals to be submitted for the Board's consideration from B.32 onwards. Rollout of a more structured readiness results management framework will continue in parallel.

39. Finally, there is a clear and urgent need to substantially build GCF's understanding of what results its investments are delivering and how they are being delivered. The **maturing of the Fund's results management approaches and increasing repository of project reporting and evaluations will provide rich material from which to extract knowledge and lessons learned**. In 2022 the Secretariat will pilot the establishment of formal learning loops to feed back evidence-based lessons from implementation into the upstream programming cycle, starting with the readiness programme. This will help ensure the GCF operates efficiently, effectively and as a continuously learning organization. This effort will enable and complement other knowledge management activities, extracting lessons and best practices from progress and evaluation reports and distilling these into case studies and knowledge products on key issues such as tool kits for M&E indicators, GHG calculation guidance and monitoring tools or analyses of adaptation beneficiaries.

40. Building a **clear understanding of results GCF investment are delivering and what could be replicated or improved in the future will provide critical inputs to GCF's second replenishment process**. As 2022 kick-starts the replenishment process, the Secretariat expects a substantial data management and processing will be required in terms of generating analytical

portfolio reports and conducting data analytics to portray the results of GCF investments and inform both external outreach as well as initial programming directions for GCF-2. To facilitate the transfer of key information, it will prioritize improved transparency and access to portfolio information through the presentation to each meeting of the Board of consolidated portfolio status and performance reports, and through the development of an open big data library. As part of this, the Secretariat will continue updating the PPMS to automate and ease performance data extraction and analysis across the entire project implementation cycle.

41. Table 3 below summarizes projected implementation outputs for 2022, including projections for cumulative disbursements as of the end of 2022. These are based on a number of assumptions, including the programming projections set out under Priority 2, current understanding of FAA implementation and disbursement schedules, the impacts of COVID-19, and an understanding of resources available to support implementation.

**Table 3: 2022 implementation outputs (1 January – 31 December 2022)**

Core indicators	2022 goal	Current baseline (as at 31.07.21)
AMAs signed	Annual: +3-5 (1-3 IAE, 2 DAE) Cumulative: 102-104 (43-45 IAE, 59 DAE)	94 (39 IAE, 55 DAE)
FAAs signed	Annual: +28 (20 public, 8 private) Cumulative: 192 (153 public, 39 private)	153 (126 public, 27 private)
Funding proposals under implementation	80%	76% (134 of 177)
Funding proposals receiving disbursements	73%	67% (118 of 177)
Disbursements (USD)	Annual: +0.91-1.19 billion Cumulative: 3.37 – 3.39 billion	2.025 billion
Readiness proposals under implementation	>90%	93%
Readiness proposals receiving disbursements	>90%	91%
Change requests processed (annual): readiness and funded activity	Readiness: 50 Funded Activity: 40	Readiness: 46 Funded Activity: 40
Reports reviewed for results (annual): readiness/PPF, funded activity & AE	Readiness/PPF: 200 Funded activities: 155 AE: 111	Readiness/PPF: 165 Funded activities: 122 AE: 93

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

## 2.4 Supporting the Board and consolidation of policy and governance frameworks

42. Priority 4 encompasses a range of key initiatives oriented toward supporting the Board in implementing both its evolving four-year workplan for 2020-2023 and its responsibilities relative to the Conference of the Parties to the UNFCCC. That work will start in 2022 with the **onboarding of new board members for the fourth term of GCF Board membership 2022-2024**, as well as supporting the incoming Co-Chairs. The Secretariat is working to develop a more accessible set of onboarding materials, as well as an update to the online Board portal, to

be ready by the start of 2022 to help new members familiarise with the Fund's processes, policies, activities and results. Onboarding will include informational briefings on, among other things, the operation of the GCF, its committees and its Board meetings, and the ethics rules that apply to Board members. New members will also be introduced to the 2020-2023 Board work plan, the policy priorities under the annual policy agenda as well as key matters related to GCF's core functions, operations and results.

43. Regarding Board meetings, and in light of ongoing uncertainties created by COVID-19, the Secretariat will **prepare for the contingency of holding three Board meetings in either a virtual and/or in-person format**. In addition to the regular support to the Co-Chairs and the Board the Secretariat will also provide enhanced oversight of the work of committees of the Board in coordination with Secretariat focal points, including through the implementation of the updated committee guidelines upon adoption by the Board.

44. While recognizing the Board has made significant progress over the course of 2021 in advancing its four-year workplan, the **Board's policy agenda remains extraordinarily rich**. A significant number of policy items which have been in active consultation during 2021 are expected to carry over into 2022, while new policies and policy updates will also be added. If not concluded in 2021, policies such as the Updated Accreditation Framework and PSAA remain operationally critical to delivering the USP's promise to enhance access to the GCF. Other policy priorities identified under the USP which may carry over into 2022 include the investment framework policies, programmatic approach, update of the Information Disclosure Policy, and development of the GCF's own Environmental and Social Safeguards. The conclusion of mandates around the review of financial terms and conditions, local currency finance and establishment of a policy for minimizing the effects of currency fluctuations would also have a significant bearing on GCF financing and financial management operations. The Secretariat will also continue work to develop all other policies on the four-year Board workplan, while allowing that some of these may be carried forward as multi-year efforts, permitting due time for thorough policy development and consultation with the Board and key stakeholders.

45. In 2022 the Secretariat hopes to build on the extensive work done across 2020 and 2021 to codify policy development and implementation processes through a Secretariat Policy Manual, and to enhance the quality and accessibility of policy drafts submitted to the Board. A key activity for 2022 will include supporting the Co-Chairs in the fulfilment of the mandate of decision B.23/03 which requested them to "continue to enhance the effectiveness of pre-Board meeting consultations in an open, inclusive, consultative and transparent matter". Several new initiatives are proposed in 2022 to support this effort, building on lessons from successfully shepherding policies for Board approval in 2021. The Secretariat will support the Co-Chairs in developing a plan of formal and informal consultations with the Board with a view to **facilitate symmetrical, in-depth full Board consultation** on policies. These consultations may be implemented within a single Board cycle, between Board meetings, or increasingly across multiple Board cycles as necessary, to facilitate efforts toward building consensus for policy approval. This would be supported through development of internal standard operating procedures to guide Secretariat support for Board consultations, as well as implementation of protocol for responding to information requests from Board members.

46. The Secretariat will also further strengthen the application of the cross-Secretariat policy development processes and quality standards set out under the Policy Manual with a view to **fully standardize the quality and accessibility of the policy and policy review documents** that it prepares for Board consideration. This includes the thorough application of robust policy analysis, impact assessment and implementation planning when developing or reviewing policies, so that in taking policy decisions, the Board has before it a full understanding of the costs and/or benefits of policy choices and expectations for implementation, including



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resourcing implications. Finally, the Secretariat will continue to deliver its policy documents to the Co-Chairs consistent with the rule of procedure that mandates Board documents to be distributed to Board members at least 21 days before a meeting of the Board, other than in exceptional circumstances.

47. As directed under the policy cycle approved by the Board in conjunction with its four-year workplan for 2020-2023, the third year of GCF-1 will also bring a specific focus on **policy implementation, monitoring and knowledge management**. This will be done through two main initiatives. First, the Secretariat will consolidate its regular, internal day-to-day oversight of policy implementation processes as set out in the Policy Manual, through systematizing policy implementation planning, monitoring and reporting for all newly approved policies. Policy implementation updates will be regularly reported to the Board through the Report on the Activities of the Secretariat. This monitoring approach will also better position the Secretariat to flag policy implementation problems for either internal adaptive management changes, or, if needed, the development of requests to the Board for policy updates or amendments. This process, together with enhanced consultation with the IEU on its evaluation schedule should help reduce the ad hoc nature of and duplication in policy reviews on the formal Board workplan, and enable the Board to rationalize and better focus its policy review agenda on areas of strategic significance, policy framework coherence and its most critical policy updates.

48. Second, the Secretariat will, as called for under the 2020-2023 Board workplan and USP, undertake an **overall review of GCF policies**. This is a completely novel initiative for GCF in 2022, and in contrast to past subject-specific policy reviews and evaluations, will for the first time look across the entire GCF policy suite to **examine policy coherence, status of implementation, and policy impacts**, including both positive impacts and areas where policies may be creating challenges for implementation or operational bottlenecks. Findings from the review are expected to help the Board in better harmonizing and streamlining the GCF policy suite, and also give the Board the opportunity to identify and address any policy barriers or bottlenecks to implementation though policy updates. It will also help inform where building partner capacity for policy implementation is needed and should be prioritized under existing support windows. Subject to availability of resources, these efforts will be accompanied by work to **improve the accessibility of GCF web-based policy resources, and digitalize policy process workflows**. This would include reorganizing policy materials on the GCF website to allow GCF stakeholders to better navigate the GCF's complex and continuously evolving landscape of policies and related Board decisions. The Secretariat will also explore opportunities to build digital systems for managing and tracking the policy agenda, policy process workflows and to support improved policy knowledge management.

49. Finally, Priority 4 covers support to the Board relative to the Fund's responsibilities to the COP. While the COVID-19 pandemic has created delays in the normal cycle of work related to UNFCCC, the Secretariat will work in 2022 to support the Board address guidance from COP26. This includes helping to organize the annual meeting of the Board Chairs with the chairs of the UNFCCC constituted bodies, and advancing collaboration with the UNFCCC secretariat. The Secretariat will also support the preparation and timely delivery of GCF's report to the COP informing of actions taken in response to COP guidance for consideration of the Board and subsequent submission to COP27. The Secretariat will also **support the Board in addressing COP guidance relevant for programming**, including on adaptation, loss and damage, direct access, synergies with other funds, and technology-related matters, through the funding proposal review process. Finally, the Secretariat will coordinate GCF participation in COP 27 and key meetings of the constituted bodies of the UNFCCC to advance substantive issues of COP guidance. The Secretariat will also further operationalize the Framework on complementarity and coherence by advancing common priorities established with other climate funds. In

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particular, it will further implement the GCF-GEF long-term collaboration strategy through the establishment of a common steering committee overseeing the development of joint workplans, country programming engagements and communication. Parallel conversations with the CIFs and AF will also focus on USP programming focus areas, including scaling up and engagement with the Rio Conventions.

## 2.5 Facilitating access and accelerating implementation by optimizing efficiency, effectiveness and transparency

50. Priority 5 aligns with the USP operational priority on 'Optimizing operations'. Over the GCF-1 period to date, the Secretariat has made substantial investments in **redesigning, codifying, streamlining and automating its business processes**, covering accreditation, programming, implementation, policy and corporate processes such as finance and procurement. This was done with a view to capturing all opportunities under current policy settings to maximize the efficiency, effectiveness and transparency of internal processes. This involved clarifying and codifying staff roles and responsibilities in all process phases, reducing duplication of process steps, clarifying review protocols, instituting clear decision-making points including through internal committees, and digitalizing highly manual workflows to improve consistency and optimize speed and performance of key processes. Standardization of GCF processes was operationalized through new manuals covering programming, operations, procurement, finance and policies. As highlighted in the USP Capability Review, these and other efforts have helped the Secretariat realise significant efficiencies (estimated at 26% between 2017 and 2020), which have in turn allowed the Secretariat to absorb dramatic increases in workload over the same period, without additional staff headcount. They have also allowed the Secretariat to begin implementing response service standards across all key client-facing processes and track progress on these under the 2021 work programme.

51. The USP capability study also helped the Secretariat identify a series of further potential efficiency and effectiveness gains across its key business processes, which generally require **deeper organizational development efforts and change management processes**, for expected further efficiencies of around 10% over GCF-1. The Secretariat is committed to implementing these further measures, so far as they are within Secretariat control and resources allow. This will include range of activities for 2022, with a few major initiatives noted here. First the Secretariat will, through the Office of the Executive Director, initiate dedicated oversight of the change management/reform implementation agenda, including monitoring of implementation progress and results in terms of operational improvement. Second, it will also establish under the Chief Financial Officer an operations control function, which will have responsibility for maintaining business processes and identifying control gaps, risks and bottlenecks. Third, the Secretariat will pursue collaborative initiatives to improve the performance of its review processes, such as better aligning programming engagement and communications; better defining protocols, workplans, milestones and timelines for inter-divisional reviews; promoting problem-solving through its interdivisional project teams; and improving handover practices. It will also aim to continue improving delivery against its service standards for accreditation, readiness, PPF, PAP and SAP reviews and change requests. Attention will be paid to monitoring challenges in meeting service standards, with a view to addressing issues in real time and beginning to consistently demonstrate reduced processing times across all key functions. Overall, these efforts will help ensure **coordinated oversight of operational reform implementation, and closer implementation monitoring**, in order to promote continuous course corrections and identify opportunities for further improvement.

52. With regards to the funding proposal review process, adjustments will be applied based on the experience piloting the procedures in the Programming and Operations Manuals. Speeding up the GCF proposal review cycle from submission to approval is highly dependent on a clear and consistent understanding between GCF and partners on project requirements. This is particularly salient considering GCF's growing network of AEs and their growing pipeline submissions to the GCF. The Secretariat will always be required to provide feedback to a much larger number of Concept Notes and Funding Proposals than those that materialize for Board consideration and approval. Pipeline management needs to look towards both immediate and longer-term outcomes and balancing the two continues to be resource intensive. To address this, the Secretariat will work to **further improve the consistency and completeness of reviews by clarifying and communicating review criteria and appraisal tools** through the operationalization of the Project Appraisal Manual. The Project Appraisal Manual will be a key addition to GCF's suite of manuals as it will help explain to partners how the standards and criteria set under all policies applicable to funding proposals are assessed across the project review cycle. This will in turn help countries, AEs and partners prepare better funding proposals, with higher quality at entry, reducing the number of review iterations on a single proposal and helping them move more rapidly to approval. To supplement the guidance under the Project Appraisal Manual the Secretariat also plans to develop pricing tools that will support a more transparent application of the terms and conditions of its financial instruments.

53. A series of **review process simplifications are also envisaged for 2022**. The Secretariat will work on simplifying the initial review criteria for Concept Note reviews to allow for quicker feedback at this first key checkpoint. This is expected to benefit both GCF and its partners, as there would be a quicker determination of a project's fit for GCF before additional project development work is carried out by AEs and reviews by GCF. The Secretariat will also regularize rolling project reviews and pursue enhanced collaboration with TAP aimed at strengthening consistency between Secretariat and TAP reviews and feedback to ensure that key issues can be tackled earlier in the project development cycle. Secretariat efforts towards improved review consistency would benefit tremendously from the Board's conclusion of policy mandates around steps to enhance the climate rationale of GCF-supported activities, which would establish a GCF principles framework for applying one of the most challenging criteria for GCF investments, climate impact.

54. Underpinning Secretariat efforts to improve efficiency, effectiveness and speed of delivery will **be investments in more complete digitalization of GCF operations, and systems integration to improve responsiveness and transparency**. These efforts are already underway through the Secretariat's 2020-2023 Digital Agenda, which covers four implementation pillars focused on building a digital workplace, digitalizing business operations, building a data-driven GCF and digitalizing collaboration and engagement. For 2022, the digital agenda will include – subject to resourcing – some cornerstone new initiatives. These include rollout of an Enterprise Resource Planning (ERP) system, with sub-components comprising a Global Financial Management system (GFMS) that will allow for more comprehensive automated management of budgeting, payments, financial accounting, funds control and financial reporting, as well as parallel work on improved automation of payroll, recruitment and procurement processes. This is essential as Fund financial management becomes more complex, and to save precious personnel hours used on corporate processes, with the rollout representing a major investment of both ICT resources and staff time.

55. Another major initiative, subject to resourcing, will be **initiating the rollout of a data management strategy** and data factory that will improve the reliability and accessibility of GCF data, and together with the Fund's taxonomy, enable future investment in more sophisticated analytical and machine learning functions. While these are substantial, multi-year ICT

investments, both the Digital Agenda and USP capability review highlight the substantial gains that can be reaped by focusing on the remaining areas where manual workflows and lack of systems integration continue to slow down processes and drain staff time.

56. The Secretariat also plans to implement the Capability Review reforms on streamlining procurement due diligence to improve the efficiency of the process while effectively managing procurement risk. Efforts will seek to reduce the administrative burdens of contracting individual consultants, which provide targeted support for staff capacity gaps, by automating their sourcing, contracting and management processes. E-sourcing solutions will continue to be deployed to increase the efficiency of procuring professional services and Long-Term Agreements will be established as applicable to support usage monitoring and cost controls.

57. Finally, activities under this priority cover all Secretariat efforts towards **ensuring transparency and broad stakeholder participation and access**. Given the rapid digitalization of GCF platforms and processes, public online tracking platforms will continue to be evolved to show real-time portfolio, pipeline and disbursement to key stakeholders. The Secretariat will also continue to advance translation of key operational documents into six UN languages, as called for by the USP. Further, the Secretariat will work to advance two policy items related to GCF's accessibility and transparency. It will support the EAC's consideration of the review and update of the Information Disclosure Policy and begin the review of the guidelines relating to observer participation, accreditation of observer organizations and participation of active observers. The Secretariat's record of promoting gender mainstreaming across internal and external activities will also continue throughout 2022, in addition to enhancing engagement with indigenous peoples through an Indigenous Peoples Advisory Group.

## 2.6 Consolidating institutional capacity, culture and performance in preparation for the GCF second replenishment

58. Priority 6 focuses on institutional capacity development and aligns with the USP operational priority on 'Enhancing institutional capacity'. Work under this priority is focused fundamentally on ensuring that **the Secretariat and wider organization are well equipped to deliver the USP and associated commitments for GCF-1**, in anticipation of the Board launching the GCF's second replenishment process mid-way through 2022.

59. The Secretariat stands ready to **further strengthen its most critical resource – its people – in 2022**, through effective recruitment, talent management and value-based culture-change aligned with its People Plan. Overall, the Secretariat seeks to foster a high-performance collaborative culture that will help attract, nurture and retain the talent required to deliver on USP goals. The Secretariat undertook in 2021 a significant set of new initiatives designed to strengthen its value-based culture, substantially ramp up its capacities and build a safe and enabling work environment. These have formed the core components of the People Plan, which seeks to help the GCF become a faster, transparent, resilient and smarter organization by setting a pathway for transforming and strengthening people management and organization design practices. In 2022 the Secretariat seeks to accelerate the implementation of the People Plan and further articulate GCF's Employee Value Proposition to ensure its staff capacity and organizational design evolves in a manner consistent with the ambitious goals of the USP.

60. At the time of drafting this 2022 work programme, the Secretariat has approximately 212 staff on board and expects to have about 230 staff by the end of 2021<sup>2</sup>, or a net total of 33 staff added to the workforce in 2021. This is supplemented by around 73 consultant FTE, comprising a mix of headquarter-based, remote and readiness-funded consultants, for a total projected FTE of around 303 by year-end. While this represents a noticeable increase compared to the levels at the start of GCF-1, total FTE remains significantly below the capacity levels assessed to be required under the capability review to manage the expanded GCF portfolio and deliver the expanded ambitions under the USP. Accordingly, the Board's consideration of the USP capability review and its assessment of the increased capacity – in particular staff capacity – needed to effectively deliver the USP will be critical to enabling full delivery of the workplan.

61. In advancing the People Plan and striving to build the committed, innovative, responsive, respectful and trusted workforce the Fund needs to deliver its unique and ambitious mandate, efforts in 2022 will focus in particular on **strengthening the GCF's Employee Value Proposition** and associated talent attraction strategy. This employee value proposition capitalizes on four distinctive GCF features: serving as the hub of the largest climate partnership in the world; GCF's unique work design under a small, independent and tightly knit structure; rich professional training and career development opportunities through the wider GCF network; as well as a competitive remuneration scheme. Strengthening the GCF's employee value proposition will involve formal measures such as completing the long-overdue review and update of the GCF's HR legal framework and salary scale, and continuing to invest in a safe work environment, including reducing excessive work hours through better resourcing.

62. It will also include deepening efforts to build a **positive corporate culture and address staff engagement survey concerns**. Efforts in 2022 will focus on enhancing staff wellbeing and resilience by empowering its senior management to actively and constructively engage teams in creating a safe, inclusive and conducive work environment and making effective use of the grievance architecture. The operationalization of a Grievance Handbook and provision of advisory services to staff and personnel to support accountability, dispute resolution, mediation, and staff appeals has led to noticeable progress in terms of resolving personnel concerns. The Secretariat will build on these successes throughout the remainder of GCF-1, by pursuing timely resolution of personnel complaints and concerns, and ensuring no complaint or concern remains unaddressed. A further component of this effort will be embedding GCF's core values across all its daily business, by mapping them against expected behaviours to ensure they are integrated in all related people management policies and organizational design practices, including in individual performance management systems. A signature initiative will be piloting, for the first time, a **new set of collaboration outcomes**, to be implemented at the corporate level and through individual employee's performance plans. These will aim to foster closer teamwork across the Secretariat in delivering workplan initiatives and recognize contributions to broader organizational goals and positive culture change.

63. Following adoption of the USP the Secretariat has worked to align its corporate, unit and individual goals and capacity to the goals and priorities USP. This effort has created a improved understanding of everyone's role in key Secretariat processes, enhanced linkages between institutional goals and individual performance, and supported greater transparency and coherence in performance management. In implementing the 2022 work programme, the Secretariat will continue to ensure vertical alignment between the USP, annual work programme and individual performance plans, as well as horizontal alignment across teams.

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<sup>2</sup> OHR currently estimates end-of-year staffing will be in the range of 225-235 staff.

This will be supported by an **overhaul of the performance management system**, including development of a more fit-for-purpose competency framework, subject to availability of resourcing over 2022. 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. Corporate trainings for all managers on performance assessment will also be pursued, with a view to improve consistency of performance evaluations and foster a common understanding across all staff on how values can be reflected under individual competencies and what competencies are required to meet the GCF's expanding mandates.

64. The Secretariat's people management strategy will also prioritize a mainstreaming of change management skills and mindsets across its staff force. This will prove essential if the extensive organizational reforms and change management processes recommended by the USP Capability Review are to be fully implemented. Finally, the Secretariat will work to **improve the entire value-chain employee experience** through a data-driven re-design of HR processes and systems and fuller operationalization of its newly developed onboarding modules. This will allow personnel to better navigate the GCF work environment, and be well equipped with operating knowledge of the GCF's vision, objectives and business processes as soon as they join the Fund.

65. Priority 6 will also see the Secretariat bring a sharper focus to **resource mobilization, strategic partnerships and communications, in support of preparations for the GCF-2 replenishment process**. The Secretariat stands ready to support the Board in launching the second replenishment process, due to commence in July 2022, building on lessons learned from the first replenishment cycle. This will see the Secretariat once more gear up its capacities for supporting the complex resource mobilization process the GCF undertakes every four-years to attract the funding required to continue its climate mandate. This work will involve planning key replenishment milestones and engagements from mid-2022, in line with the key milestones set up the Board under its four-year workplan, to pave the way for a successful pledging conference by the end of GCF-1 in 2023. It will work to support the Board in taking timely decisions on planning and budgeting for the process early in 2022, allowing the GCF-2 replenishment process to commence with an Initial Organization Meeting in the second half of 2022. The Secretariat will also support the Board in preparing updated strategic programming analysis for Board consideration, to inform a further update of the Fund's strategic plan for 2024-2027. To support the second re-capitalization of funds, the Secretariat also expects to Update the Policy for Contributions for GCF-2 in 2022.

66. Efforts towards an ambitious and successful GCF-2 replenishment will be underpinned by enhancing outreach, communications and partnerships to strengthen the GCF's global profile, strengthen engagement with contributors and potential contributors, and most importantly, increase awareness of the Funds results, impact in advancing climate action, and value-add in the climate finance architecture. In 2022 the Secretariat will **substantially scale up communication efforts showcasing GCF's achievements on climate results and impact** with compelling, evidence-based communications, project and beneficiary profiles, and storytelling to convey GCF's work to key audience. These efforts will be underpinned by development of a core set of communications products capturing key Fund messages and results. The Secretariat is also planning to update the GCF website as an information showcase. Communications efforts also depend on media networks, and the Secretariat will work to strengthen its media relations by developing an expanded network of media contacts in order to communicate messages, highlight successes, and strengthen GCF's reputation.

67. The Secretariat will also **further leverage its partnerships culture and network**, particularly with AEs, to facilitate the dissemination of timely messaging on project activities and results on the ground. Partnership efforts will be strategically focused on both delivering



substantive contributions to the USP agenda and enhancing GCF's profile, visibility and credibility with key partners and stakeholders. Dedicated engagements will target both global civil society organizations and networks as well as existing and potential new contributors. The Secretariat will also translate communications and information products into various languages to extend GCF's reach to different audiences.

68. Finally, delivery of the overall 2022 work programme must be supported by **strong and effective institutional risk management and oversight**. The next year will see the continuation of steps to evolve the Fund's risk management framework to one based on proactive risk identification and risk-informed decision-making across all levels of the organization. Internal audits and reviews will continue to play a key role in supporting these efforts, along with strengthening of risk self-assessment by all Secretariat units.

69. The Secretariat will also continue to pursue all available avenues to secure wider privileges and immunities, with the unpredictable nature of the COVID-19 pandemic again reinforcing its earlier conclusion on privileges and immunities 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 2022 in further examining other options towards fulfilling that Governing Instrument mandate. Upon guidance from the Board the Secretariat also stands ready to further assess the feasibility of GCF liaison offices and regional presence. Privileges and immunities and regional presence are both potentially significant measures to help GCF manage its operational risks and liabilities as the Fund grows. At headquarters, 2022 will also require the Secretariat to make **significant investments to create a safe and COVID-19 compliant workplace** in line with its business continuity plan, requiring the establishment of contingency locations and office resign to ensure social distancing compliance with local regulations.

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

#### 3.1 Introduction

70. 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 1/1/2022 – 12/31/2022 to support the operations of those three entities. The table that follows provides a broad overview of the budget. That overview is followed by individual sections covering the Board, the Secretariat and the Trustee.

**Table 4: Proposed administrative budget for the period 2022 (in United States dollars)**

		2021 Approved Budget	Proposed 2022 Budget	Change in 2022 draft budget over 2021 approved Budget	% change
1	Board	4,756,436	4,767,656	11,220	0.2%
2	Secretariat	75,018,024	79,399,930	4,381,906	5.8%
3	Trustee	3,756,000	3,646,000	-110,000	-2.9%
	<b>Grand total</b>	<b>83,530,460</b>	<b>87,813,586</b>	<b>4,283,126</b>	<b>5.1%</b>

### 3.2 Budget process

71. The GCF administrative budget comprises of the budgets for:
- (a) The Board budget, including the Accreditation Panel (AP) and the independent Technical Advisory Panel (TAP);
  - (b) The Trustees;
  - (c) The Secretariat; and
  - (d) The three Independent Units (i.e. the Independent Evaluation Unit (IEU), the Independent Integrity Unit (IIU) and the Independent Redress Mechanism (IRM)).
72. 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.
73. 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.
74. 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.
75. The respective units act on the recommendations by SMT and EAC, after which the revised budgets are shared with the Budget Committee (BC).
76. The BC plays a further challenge role for the entire administrative budget. It may seek clarification or recommend revisions for some or all the administrative budget. Where revisions are recommended, the respective units effect the suggested revisions and submit the revised budget requests to the BC, 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.
77. 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.

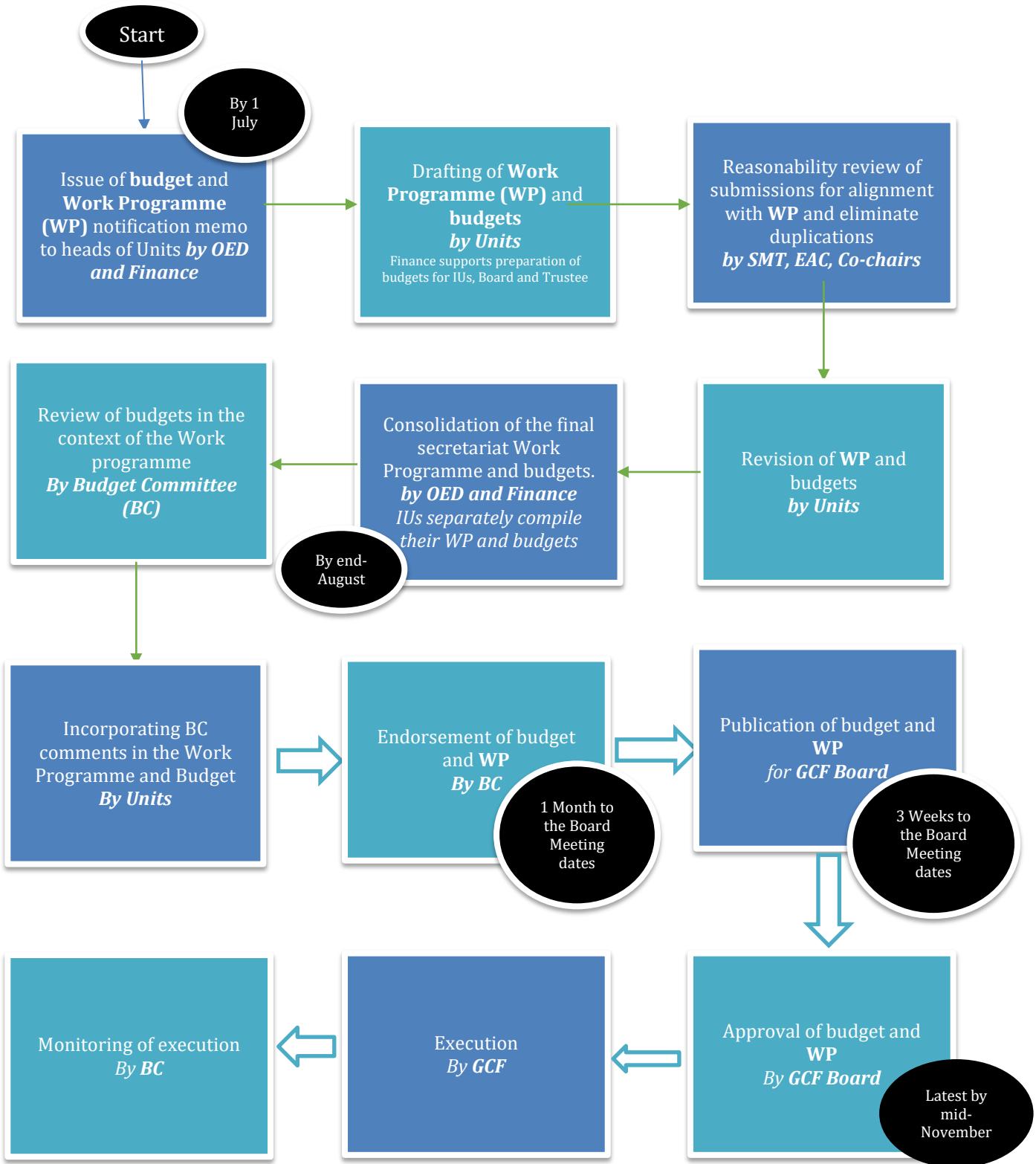


78. After approval, the BC is tasked with monitoring the execution of the budget. Updates on the budget execution are also presented to the Board in every Board meeting.

79. 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**



### 3.3 Board budget

80. The costs relating to the Board, detailed in table 5 below, cover expenditures associated with: logistical arrangements for and travel to Board meetings; Co-Chair, co-chair team and Board representative travel on GCF related missions; and inter-sessional meetings of Board committees, panels and working groups. Note that this budget allows for different modalities for Board meetings next year (in presence or virtual), based upon experience with previous Board budgets, but without prejudging decisions on the organization and modality of those meetings.

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

		2021 approved budget	2022 proposed	Change in 2022 draft budget over 2021 approved Budget	% change
<b>1.1</b>	<b>Board meetings</b>				
1.1.1	Board representative travel	1,188,537	1,188,537	-	0.0%
1.1.2.	Venue and logistics	427,694	427,694	-	0.0%
	<b>Sub-total: Board meetings</b>	<b>1,616,231</b>	<b>1,616,231</b>	-	<b>0.0%</b>
<b>1.2</b>	<b>Co-Chair and Board representative travel</b>				
1.2.1	Co-Chair and Board representative travel	26,084	26,084	-	0.0%
	<b>Sub-total: Co-Chair and Board representative travel</b>	<b>26,084</b>	<b>26,084</b>	-	<b>0.0%</b>
<b>1.3</b>	<b>Board committees, panels and working groups</b>				
1.3.1	Board representative travel	487,488	487,488	-	0.0%
1.3.2	Venue and logistics	11,593	11,593	-	0.0%
1.3.3	Compensation of Board panels: Accreditation Panel	982,500	993,380 <sup>a</sup>	10,880	1.1%
1.3.4	Compensation of Board panels: Technical Advisory Panel	1,632,540 <sup>b</sup>	1,632,880 <sup>b</sup>	340	0.02%
	<b>Sub-total: Board committees, panels and working groups</b>	<b>3,114,121</b>	<b>3,125,341</b>	<b>11,220</b>	<b>0.4%</b>
	<b>Grand total</b>	<b>4,756,436</b>	<b>4,767,656</b>	<b>11,220</b>	<b>0.2%</b>

<sup>a</sup> Assumes six panel members and five technical experts working an average of up to ten days per month 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 2022.

### 3.4 Secretariat budget

81. The 2022 Secretariat budget has been developed in collaboration with relevant divisions and offices of the Secretariat, and is based on the Secretariat's best estimate of the resources required to enable it to carry out its work to deliver the USP, based on the initiatives included in the 2022 work programme. It takes account of the new programming directions set by the Board under the USP and the fact that the GCF's portfolio under implementation has already almost doubled between the start of GCF-1 and July 2021, accelerating the deployment of resources on the ground and necessitating the rapid development of and execution on critical Secretariat workstreams. The GCF SMT played a strong challenge function when reviewing individual divisional/office budgets.

82. As noted at the beginning of this document, the 2022 work programme is designed to enable the GCF to meet the ambitions set by the USP strategic and operational priorities, and the Board's portfolio targets for GCF-1 replenishment. In this regard, the Secretariat's 2022 budget request responds **specifically to the new and enhanced work areas identified through the USP, as well as the significant maturing and growth of the GCF portfolio under implementation**, as a result of which the Secretariat must:

- (a) Enhance upstream engagement with countries, AEs and delivery partners, in particular through enhanced end-to-end support for DAEs, to enable origination of programming in line with GCF's portfolio programming targets and countries priorities;
- (b) Engage in more proactive pipeline management and project development support to help realize funding proposal programming aligned with the Board's GCF-1 portfolio targets, requiring a relative increase for 2022 in adaptation, DAE and private sector programming;
- (c) Manage an expanding set of entity relationships as the GCF's AE network grows, implement the USP's overall guidance on accreditation, as well as execute a substantial new stream of work in assessing applications for reaccreditation in light of AE performance, and managing consequent AMA updates;
- (d) Draw on additional resources across multiple units to properly execute its fiduciary responsibilities in relation to monitoring of portfolio implementation, adaptive management and proactive risk management, as both readiness and funded activity portfolio continue to grow and mature, and COVID-19 continues to impact project implementation risks and change requests;
- (e) Review the full gamut of AE, readiness and funded activity reporting and evaluations to manage implementation and gain a clear understanding of GCF's results and climate impact, including extracting knowledge and lessons learned – which will be particularly material as the GCF initiates its second replenishment process;
- (f) Enhance support to the Board on onboarding, policy development and consultation, as well as bolstering arrangements for implementation and monitoring of the GCF's evolving, complex policy suite;
- (g) Implement further organizational reform initiatives and invest in enhanced digitalization, as recommended by the USP capability review and in line with the USP operational priorities, to ensure the overall efficiency, effectiveness, transparency and accessibility of GCF processes; and
- (h) Support the Board in initiating and conducting the Fund's second replenishment process.

83. While the Fund has started to attain a ‘new normal’ in operating through the multi-year pandemic, COVID-19 will continue to add complications into an already complex resourcing situation through uncertainties and risks to be managed in 2022.

84. Overall, the Secretariat’s 2022 budget request is **designed to expand the Secretariat’s overall full-time-equivalent (FTE) capacity to equip it to deliver the Board’s ambitions under the USP**, through the additional initiatives and activities set out above. While seeking to implement this needed FTE capacity expansion, **the budget has also been crafted to observe the current cap on Secretariat staff headcount**, while the Board’s consideration of the USP capability review remains ongoing. An average 2022 staffing level of 244 staff is expected, based on a 90% fill ratio, assumption of relatively steady turnover, and recruitment projections aligned with observing the current 250 headcount cap. Accordingly, and in order for the Secretariat to both maintain GCF’s momentum during the pandemic and enable it to meet its 2022 work programme goals in alignment with the USP, the 2022 budget proposes essential adjustments to consultant budget line to meet needed capacity requirements. While these adjustments are needed to provide necessary personnel cover in the near term, the Secretariat views increasing the number of staff in line with the USP capability review study as the preferred long-term solution. In a scenario where additional staff headcount are approved by the Board, the consultant line could be reduced as staffing increases.

85. The Secretariat is also continuing to critically examine its internal processes to allow better execution of the professional services budget moving forward. Based on low execution the Secretariat is requesting a **reduced budget of professional services. Increases in the ICT budget are proposed to achieve two-fold objectives**, the first being to ensure that essential investments are made to address the increasing demands of a maturing portfolio and complexity in operations. The second being to pursue value-for-money investments in automation that can significantly enhance future productivity, access and transparency outcomes. Some ICT and contractual services projects may also be staged across years due to resource availability. The **travel budget is reduced by 10%**, anticipating travel will remain depressed until at least the second half of 2022. **Other operating costs and office utility costs** also have increases reflecting the essential investments needed in contingency locations and office redesign to ensure workplace compliance with COVID-19 regulations and staff safety.

86. Overall, the proposed budget set out in table 6 below requests an increase of USD 4.4 million or 5.8 per cent, constituting USD 2.8 million for staff costs, USD 1.5 million for non-staff needs and a contingency budget of USD 0.1 million.

**Table 6: Secretariat: Proposed administrative budget for the period 2022 (in US dollars)**

Code	Budget category/sub-category	2021 approved budget	Proposed 2022 budget	Change in 2022 draft budget over 2021 approved Budget	% change
<b>2.1</b>	<b>Salaries and consultants</b>				
2.1.1	Full-time staff	48,716,495	51,527,820	2,811,325	5.8%
2.1.2	Consultancies	3,259,006	4,852,796	1,593,790	48.9%
	<b>Sub-total</b>	<b>51,975,501</b>	<b>56,380,616</b>	<b>4,405,115</b>	<b>8.5%</b>
<b>2.2</b>	<b>Travel</b>				
2.2.1	Travel	1,809,794	1,609,794	-200,000	11.1%
2.2.2	Secretariat staff travel to attend Board meeting	255,000	255,000	-	0.0%
	<b>Sub-total</b>	<b>2,064,794</b>	<b>1,864,794</b>	<b>-200,000</b>	<b>-9.7%</b>

<b>Code</b>	<b>Budget category/sub-category</b>	<b>2021 approved budget</b>	<b>Proposed 2022 budget</b>	<b>Change in 2022 draft budget over 2021 approved Budget</b>	<b>% change</b>
<b>2.3</b>	<b>Contractual services, general operating, information technology costs</b>				
2.3.1	Office utility costs	288,000	570,000	282,000	97.9%
2.3.2	Contractual services	9,544,125	6,600,107	-2,944,018	-30.8%
2.3.3	Other Operating costs	1,026,030	2,209,485	1,183,455	115.3%
2.3.4	Communication and printing	1,301,200	693,700	-607,500	-46.7%
2.3.5	Information and communication technology	6,169,829	7,983,667	1,813,838	29.4%
2.3.6	Depreciation	1,148,000	1,540,700	392,700	34.2%
<b>Sub-total</b>		<b>19,477,184</b>	<b>19,597,659</b>	<b>120,475</b>	<b>0.6%</b>
<b>Total</b>		<b>73,517,479</b>	<b>77,843,069</b>	<b>4,325,590</b>	<b>5.9%</b>
2.3.7	Contingency	1,500,545	1,556,861	56,316	3.8%
<b>Grand total</b>		<b>75,018,024</b>	<b>79,399,930</b>	<b>4,381,906</b>	<b>5.8%</b>

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

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

#### 3.5.1 Headcounts and Secretariat staff funding

88. The bulk of the increase presented in the 2022 budget relates to securing the additional FTE capacity needed to deliver the work programme in alignment with the USP. As calculated in the capacity study undertaken by Dalberg, as of July 2021 the Secretariat has a capacity of 285 FTE (212 staff and 73 consultant FTE), now expected to reach ~303 FTE (~230 staff and 73 consultant FTE) by end 2021. The study estimated the Secretariat's capacity requirement to fully deliver the USP at 417 FTE in 2022 and 437 FTE in 2023, with pursuit of further efficiency reforms. Recognizing that capacity increases must align with the Secretariat's hiring and onboarding capacity, the 2022 work programme and budget are premised on a more modest scale up to a capacity of 350 FTE by the end of 2022. To accommodate the current Secretariat headcount cap, this scale up of FTE capacity would comprise a mix of:

- (a) **An increase in staff capacity based on having the full complement of 250 staff in position by the third quarter of 2022.** This would be achieved by advertising up to 277 staff positions, on the historical assumption that a maximum 90% fill ratio would be reached with a stable turnover rate. This approach implies budgeting for an average of 244 staff for 2022;

(b) **20 intern FTE and 80 consultant FTE would supplement the 250 staff to reach a total capacity of 350 FTE<sup>3</sup>.** This represents a slightly higher number of consultant FTE than present (73), and a relatively larger reliance on consultants/interns than in 2019 or 2020, effectively to make up for staff capacity shortfall with expanding workload.

89. The full-time staff budget line included in table 6 above assumes that the Secretariat staff will average 244 over 2022. This would be achieved by advertising up to 277 staff positions, on the historical assumption that a maximum 90% fill ratio would be reached. The staffing cost also includes performance awards to be given to high-performing staff based on the performance assessments that will be conducted for 2021. The cumulative impact of increasing the average number of staff to 244, the performance assessments and other increase in the staff costs is about USD 2.8 million (41% of the total budget increase).

90. In order to reach at least 230 headcounts by the end of 2021, the Secretariat has streamlined and improved the recruitment process, aimed at reducing the average time to fill-time by 30 per cent. Secretariat currently has 20 recruitment processes at an advanced stage. The Secretariat considers that the staff scale up proposed for 2022 – focused on adding 20 staff FTE over 2022 – is very achievable given recent efforts to build the capacity of OHR and accelerate recruitment processes. It indeed represents a more modest increase than the net ~33 staff projected to join the Secretariat in 2021. New staff capacity would first and foremost be added to implementation functions where there is critical under-resourcing.

91. 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 2022, like in 2021 the cost allocation to IUs includes, the ICT cost, the cost for utilities, supplies, depreciation of leasehold improvements, office furniture and equipment. The 2022 cost allocation to IU's also include the 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 2022 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 2022 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.

### 3.5.2 Consultancy costs

92. 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

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<sup>3</sup> Of the 80 consultant FTE, around 14 FTE are non-HQ FTE funded by the Readiness and Preparatory Support Programme (eg regional technical advisers and other specialists providing direct support to NDAs and DAEs), meaning around 66 FTE would be funded by Secretariat administrative budget.

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effectiveness and efficiency of the organization. Over the COVID-19 pandemic, and as efficiency measures have been exhausted and workload demands increased over the early part of GCF-1, consultants have played an increasingly critical role in back-stopping staff capacity gaps and providing the flexibility to ensure uninterrupted Secretariat operations. Remote consultants are consultants hired to provide additional expertise in technical areas where the relevant division or office needs niche assistance that cannot be provided by current staff, and/or where the Secretariat has been unable to attract the needed expertise.

93. The 2022 consultants budget represents an increase of 1.6 million. For 2022, and pending the Board's consideration of the USP capability review, the Secretariat requires the ability to deploy more flexible personnel arrangements to cover critical work functions where there are staff gaps, as well as to respond to spikes in workload. Both these eventualities are expected to arise in 2022 as the USP and GCF portfolio growth enhances work demands on the Secretariat without any corresponding staff headcount increase. The Secretariat's experience of the COVID-19 pandemic also shows how the ability to deploy consultancies has been essential to maintain GCF momentum and avoid significant disruption to key functions due to unexpected staff absences and delays in recruitment and onboarding.

94. As suggested in the capacity study undertaken by Dalberg, a total of 417 full-time equivalent (FTE) is required to fully deliver on the USP requirements in 2022. With a current staff cap of 250, this leaves the Secretariat with capacity gap of 167 FTE (67% of the staff). The significant capacity gap exposes the Secretariat to the risk of staff to burnout, risk of high staff turnover, reduced quality of work, and inability to meet KPIs due to stretching existing resources across increasing demand and responsibilities. The planned 80 consultant FTE is still less than half the estimated capacity gap according to the Dalberg study. Should the Board determine through the USP capability review to update the Secretariat staff headcount – a measure the Secretariat regards as critical to solidify the longer-term specialist capacity of the Fund – the consultant/intern budget lines could be reduced while the staff line is increased<sup>4</sup>.

### 3.5.3 Professional services

95. 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.

96. The proposed 2022 budget for contractual services is USD 6.6 million. This is a decrease of USD 2.9 million (31 per cent) compared to the approved 2021 budget. The decrease in the

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<sup>4</sup> The reduction in the consultant/intern budget line and increase in the staff budget line would not be equivalent, as staff costs are generally higher than consultant costs per FTE and in some cases the secretariat will need to hire senior/specialist staff to address the emerging needs of the secretariat.

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professional services is expected mainly due to lower than budgeted historical levels of execution, the increased complement of staff and consultants in 2022 and completion of the major part of some of the non-recurring activities such as generation of key tools and knowledge products, USP capability review etc. Specific unit requests for contractual services support are outlined in the unit-specific sections below. Some projects may be staged across years due to resource availability.

#### **3.5.4 Travel**

97. Secretariat travel for 2022 is budgeted at USD 1.9 million, of which USD 1.6 million is projected to support the work programme of the Secretariat and USD 0.3 million is projected for staff members supporting any Board meeting outside of Songdo. This represents a decrease of 0.2 million (10 percent) compared to 2021 budget, on the assumption that COVID-19 will continue to substantially limit travel at least in the first half of 2022. The Secretariat will seek to compensate for the reduced ability to travel with increased virtual engagement, and hybrid virtual-in person engagement when possible, including programming dialogues, portfolio monitoring engagement and outreach, until it is possible to resume in-person meetings. Additional support for countries and DAEs through consultancies and professional services is also envisioned as a partial substitute for the enforced decrease in direct Secretariat engagement.

#### **3.5.5 Utility costs and depreciation**

98. Utility costs for 2022 are estimated at USD 0.6 million. The increase is USD 0.28 million (98 percent) over the 2021 budget. The increase is due to two additional office locations that the Secretariat is planning as part of its business continuity measures in the wake of the COVID-19 pandemic and other emerging risks. These risks require the Secretariat to have alternative office locations in the event the present location is closed for operations. Depreciation of USD 1.5 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.

#### **3.5.6 Information and communication technology**

99. The ICT budget request represents an increase of USD 1.8 million (29 percent) over the 2021 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 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 and access to GCF data and processes will be enhanced. 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.

100. The 2022 ICT cost also includes the increased licence and maintenance cost of the multiple software solutions implemented by the Fund during the previous years and are fully functional now. While undertaking any new software 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 2022 budget

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also considers the additional cost implications to pro-actively protect the fund against cyber security risks by putting additional protection layers of tools as well as security service in place.

101. Subject to budget availability and resource prioritization, the following major initiatives will start or make further progress in 2022 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).

102. Of the above, the GFMS, being an enterprise system, would be a multi-year implementation undertaking requiring resources over several years. It will cover significant scope, require huge efforts, and would deliver substantial value to the Fund. The need and value of the envisaged GFMS has been assessed by an independent firm, which also provided guidance on optimal risk-mitigated phasing of implementation. It has further been vetted by the Secretariat's Senior Management, and found endorsement as high priority by the IMCT Steering Group. Other potential candidates such as the Data Factory and CRM would also be multi-year initiatives on which it may only be possible to make a limited start in 2022, due to both ICT budget availability and available personnel time (inside and outside the ICT unit) to support implementation. Same as it is the case for the GFMS, these two projects would cover significant scope, require major efforts, but would also promise 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 could be expected.

103. The GCF's ICT work is performed by a small core team, supplemented by a high ratio of outsourcing arrangements. The 2022 budget has been created using a zero-based approach. It has benefited from consideration of industry best practices and has undergone scrutiny by GCF's dedicated internal governance body for ICT.

104. Gartner's most recent benchmark figures for national/international governmental organisations with an operating budget similar to that of the GCF show that GCF's ratio of ICT staff plus consultants amounting to 4.6 per cent of corporate total is comparing very favourably to the industry average of 6.7 per cent.

### **3.5.7 Other GCF operating costs**

105. Items under this cost category include funding for the 4th annual GCF Private Investment for Climate Conference, office maintenance costs, office supplies, International SOS, insurance, bank charges, in-house workshops, security services, and the provision of air purifiers. The 2022 other operating costs represents an increase of 1.2 million (115 percent) compared to the 2021 approved budget. The increase in other operating cost is expected primarily due to the COVID-19 social distancing requirements, which requires the Secretariat to make major changes in the office layouts besides equipping additional office locations that have

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been set-up for business continuity purposes. Part of the office layout and design work will be completed in 2021.

### **3.5.8 Contingency**

106. The budget also includes a contingency line which the Secretariat believes is critical to enabling it to effectively respond to both the mounting COVID-19 related demands for adaptive actions, the unknown risks created by the wide range of uncertainty in the evolving development of the pandemic, and the foreseeable but unquantified risks associated with a growing portfolio as well as the 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.

107. As a first priority, the Fund must be in a position to ensure the safety and well-being of all of its personnel, including the independent units. A modest contingency budget would help position the Secretariat to take any quick, decisive action that may be needed to fulfil this fundamental obligation. This may include resources needed to adapt our working environment to meet evolving safety requirements and unforeseen changes to the current definition of "the new normal." Beyond this critical need, the GCF must be in a position to ensure continued effective communications with its partners and overall business continuity in an uncertain, evolving environment that strains the capacity of both conventional wisdom and forecasting tools to predict. In that regard, the Secretariat should be in a position to respond quickly to financial and operational risk that might require urgent action. Finally, COVID-19 has reinforced the importance of making contingencies for "black swan" events, and given the GCF's global reach and importance, the Secretariat believes that a contingency budget should be a regular feature of the GCF budgetary system. An amount of USD 1.6 million is budgeted under the contingency budget, which is less than 2 per cent of the total administrative budget of the GCF. As agreed when the contingency budget was initially approved, the BC will be consulted regarding the utilization of the contingency budget.

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

108. This section of the budget includes indicative allocations of 2022 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 2022. 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.

### **3.6.1 Office of the Executive Director**

109. The OED is responsible for overall management of the Secretariat. This includes strategic leadership and direction-setting in policy and planning, hiring and budgeting,

operations and programming, and establishing and advancing relationships with GCF stakeholders. OED manages these and other key functions through its Executive Director and its Deputy Executive Director, through its leadership of Secretariat committees on operations, policies and investments, and through a SMT made up of the directors or heads of its offices and divisions. OED coordinates policy and strategy, change management, as well as knowledge management and climate science expertise. OED has oversight on the implementation of operational priorities as well as managing accreditation and entity relations. OED also includes an ethics function. In 2022, OED expects to have a significant focus on ensuring the GCF is equipped with the organizational capabilities to deliver GCF-1 programming ambitions, through aligned corporate planning, implementation of operational reforms and organization design findings identified in the capability review, as well as of key strategic frameworks; launching the replenishment efforts; continued investment in digitalization and in a collaborative, value-based, performance- and knowledge- oriented culture.

110. *Key 2022 work programme deliverables:*

- (a) Drive implementation of the 2022 work programme and accountability for results, including through alignment of strategic planning with unit and individual staff performance frameworks;
- (b) Oversee implementation of organizational development efforts, including operational reforms identified through the USP capability review and organizational design to improve efficiency and effectiveness;
- (c) Work with the Board to plan for and launch the GCF-2 replenishment, including developing analysis of strategic programming prospects for GCF-2;
- (d) Ensure divisional efforts are aligned with implementation of key strategic frameworks to meet the programming targets of the USP, including the private sector strategy (to be brought to the Board for approval at B.30) and the DAE action plan;
- (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, completion of the sector guidance, finalization of the appraisal manual and updating the Programming and Operations manuals;
- (f) Support the Board's development of an accreditation strategy, progress 15-20 applicants for accreditation plus 15 entities for reaccreditation, and coordinate partnerships with international accredited entities;
- (g) Lead cross-Secretariat initiatives on strategic pipeline review, policy development and implementation, business planning, change management and knowledge management, including deliver of an overall policy review for Board consideration in 2022;
- (h) Oversee a consistent build-up in human resource capacity and strengthening of GCF's employee value proposition, including by bringing updates to the AGHR for the Board's consideration
- (i) Foster a culture of collaboration, respect and innovation within the Secretariat;
- (j) Represent the Secretariat globally;
- (k) Ensure continued corporate preparedness in response to COVID-19 and other threats to personnel safety and business continuity.
- (l) Lead and coordinate the SMT and other relevant committees

**Table 7: Overview of 2022 Office of the Executive Director staffing and budget (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
17	4,345,576	321,135	165,287	1,136,000	1,130,805	7,098,803

### 3.6.2 Division of Country Programming

111. The overall objective of the Division of Country Programming (DCP) is to support 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 and other national climate strategies. This entails supporting origination of country-driven and paradigm-shifting project pipelines through the development of country programmes and aligned entity work programmes, and from these, GCF-aligned project concepts. DCP manages the Readiness and Preparatory Support Programme and the PPF, which provide key tools for developing countries to develop project ideas into concepts notes and funding proposals, 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. DCP also manages the SAP modality and deliver of the EDA RfP.

112. *Key 2022 work programme deliverables:*

- (a) Lead coordination of upstream programming engagement, including contributing to the development and maintenance of Fund-level programming communications and guidance, and coordinating country, regional and entity-focused dialogues;
- (b) Receive and review 30 country programmes and work with NDAs and AEs to match country priorities with AE programming; receive and review 3 regional DAE entity work programmes and ensure consistency with country priorities;
- (c) Support origination of country-driven and transformational projects/programmes from developing countries, by deploying Readiness grants, technical assistance and regional desk support for development of at least 40 project ideas;
- (d) Support development for Board approval of country-driven and transformational projects/programmes, by deploying PPF grants and/or technical assistance to translate up to 12 project concepts endorsed at CIC2 into high quality funding proposals, including 8 from DAEs;
- (e) Lead cross-Secretariat implementation of the DAE action plan, including onboarding and technical support initiatives to provide end-to-end support for DAE accreditation, programming and implementation;
- (f) Engage with developing countries to originate Readiness proposals, including for adaptation planning, with a view to approving up to 81 grants during the year;
- (g) Develop a revised Readiness Work Programme and Budget for 2022–2023;
- (h) Operationalize improvements to the SAP, including: use of external review to bring at least 2 additional SAP projects to the Board in 2022; development of a results-based management system, development of a scale up framework; and work to implement any updated SAP policy approved by the Board;
- (i) Implement the second phase of the EDA pilot as laid out in the updated terms of reference, if approved by the Board, and hold a joint workshop with the Adaptation



Fund on potential for synergy, complementarity and collaboration between both funds' EDA windows; and

- (j) Develop and update knowledge products for Readiness, PPF, SAP and EDA, including e-learning, technical guidelines, webinars and training events, and well as contributing formalization of learning loops for the Readiness Programme.

**Table 8: Overview of 2022 Division of Country Programming staffing, and DCP non-readiness budget information (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
30	5,940,482	279,880	216,837	291,000	1,995,539	8,723,738

### **3.6.3 Division of Mitigation and Adaptation**

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

114. *Key 2022 work programme deliverables:*

- (a) Submit 25-30 funding proposals, at a value of USD 1.0 to 1.5 billion in GCF funding, for ITAP review, including 12-15 on adaptation, 5-10 from DAEs and at least 3 SAPs;
- (b) Complete and socialize remaining sector guidance after consultation with the stakeholders, and prepare these for Board consideration;
- (c) Engage with at least five Direct Access Entities on strategic programming aimed at supporting the development of country-driven, USP-aligned project proposals and programmes aligned with the ambition of GCF-1;
- (d) 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;
- (e) 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;
- (f) Bring at least 80% of the public sector portfolio of project under implementation, and incrementally shorten the time from Board approval of projects to first disbursement; and

- (g) 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 9: Overview of 2022 Division of Mitigation and Adaptation staffing and budget (in United States dollars)**

Projected average staff headcount during 2022	Estimated staff cost	Consultants*	Projected travel	Contractual services	Common services	Total
32	6,780,262	474,574	235,010	150,000	2,128,575	9,768,421

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

### 3.6.4 Division of Private Sector Facility

115. The Private Sector Facility (PSF) seeks to catalyse private sector low-emission climate-resilient investment across 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 practice areas: financial institutions, project finance, climate funds, climate markets and innovation, technology and co-funding. Working with AEs, PSF supports the development and structuring of bankable projects/programmes utilizing the GCF's wide range of financial instruments and risk appetite to catalyze and mobilize private and institutional funding for climate investments in developing countries, particularly through early-stage and blended financing. 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.

116. *Key 2022 work programme deliverables:*

- (a) Submit at least 12 funding proposals, at a value of USD 750-900 million in GCF funding, for ITAP review, including at least 6 on adaptation, 4 from DAEs and 2 SAPs.
- (b) Sign at least 8 FAAs with a view to bring at least 80 per cent of all proposals under implementation (cumulative);
- (c) Secure a minimum cumulative disbursement of USD 800 million;
- (d) Execute a private sector engagement strategy which pinpoints opportunities and targeted ways to build programming partnerships, strategic investment partnerships and engage local private sector actors;
- (e) 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;
- (f) 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;
- (g) Accelerate signing of private sector AMAs;
- (h) Formalize new partnerships with financial institutions that set climate finance targets; and promote the green bank model;

- (i) Strengthen relationships with institutional investors, including pension funds, sovereign wealth funds, insurance companies, endowments, philanthropic investors, and foundations;
- (j) 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;
- (k) Organize the 2022 Private Investment for Climate Conference and develop knowledge products to support effective private sector engagement in developing countries.

**Table 10: Overview of 2022 Private Sector Facility staffing and budget (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Contractual services*	Common services	Total
17	3,757,658	380,600	190,770	292,350	1,130,805	5,752,183

\*Costs primarily related to the Global Private Investment Conference

### 3.6.5 Office of Portfolio Management

117. The mission of Office of Portfolio Management (OPM) 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. First, the OPM Quality Assurance and Monitoring and Evaluation team works to ensure that proposals, AMAs, FAAs, and framework and general agreements include provisions to enable effective oversight. That team also ensures that impact estimates are sound and measurable. Second, the OPM Portfolio Implementation Monitoring and Management team oversees and monitors the implementation of projects and readiness grants by AEs/delivery partners to ensure compliance with GCF requirements and project specific terms and conditions, tracks implementation performance and conducts proactive risk management based on early warning systems. It also facilitates adaptive management of projects and grants to resolve identified problems and improve execution in line with GCF objectives. Finally, the OPM Results and Data Management workstream supports the design and operationalization of an integrated GCF-level results architecture and enhanced performance standards, while building portfolio data governance in the Secretariat. The three teams in OPM 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

118. *Key 2022 work programme deliverables:*

- (a) Review all funding proposals and their logical frameworks, as well as AMAs, FAAs, and framework and general agreements, to ensure they include clear provisions with respect to theory of change, measurement of impact (including emissions reductions), implementation time frames and arrangements, project indicators, and reporting and evaluation modalities to enable them to be effectively monitored and implemented;
- (b) Implement various M&E policies and related Board decisions, such as the IRMF, remedial measures on the M&E Gaps Analysis, Evaluation Policy (in collaboration with the IEU), and analysis of the GHG emissions and adaptation beneficiaries in the portfolio;
- (c) Generate technical guidance, templates and toolkits and deliver training, webinars and clinics to guide internal and external stakeholders on reporting, the IRMF and/or in

proposal development to improve quality of submissions and results projections, measurement and;

- (d) Implement streamlined, optimized and, where possible, automated portfolio management processes, subject to the availability of resources, including through expansion of PPMS functionality, to enhance the efficiency of portfolio monitoring to enable proactive identification and mitigation of risks, undertake timely and appropriate adaptive management measures and map and analyse portfolio results;
- (e) Strengthen the monitoring of funded activity and readiness progress and results by ramping up review of interim and final progress reporting and evaluations, enhancing data and portfolio analytics, supporting the implementation of the DAE action plan and development and roll out of an analytical framework and guidance in support of the Readiness Results Management Framework (RRMF);
- (f) Conduct reviews of and enhance engagement with AEs and DPs on their performance including through review of AE self-reporting and project/program implementation reports for improved portfolio performance) and reaccreditation as appropriate;
- (g) Enhance transparency of and access to data through enhanced automation, analysis and the implementation of integrated data management functions including a holistic portfolio risk management framework as the first used case;
- (h) Provide consolidated portfolio status and performance reports to the Board as well as periodic portfolio performance analysis and updates on adaptive measures to mitigate risks and performance issues in the portfolio including COVID-19 impacts; and
- (i) Generate at least two knowledge products to capture lessons learned from portfolio and readiness implementation, including analytical reports on GCF performance, how-to guides and publications on lessons learned, and contribute to the formalization of learning loops for the Readiness Programme.

**Table 11: Overview of 2022 Office of Portfolio Management staffing and budget (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
21	4,577,548	642,586	41,680	534,227	1,396,877	7,192,918

### 3.6.6 Office of Risk Management and Compliance

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

120. *Key 2022 work programme deliverables:*

- (a) Perform second-level due-diligence, reviews and inputs across various stages of the project cycle, including on country programmes, EWPs, readiness proposals, PPF, re-accreditation applications, concept notes, funding proposals, FAAs and post approval amendments 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) Contribute to the completion of remaining sector guidance and related annexes, and contribute to the collaborative development of other sectoral knowledge products, including on climate resilient infrastructure;
- (c) Lead cross-Secretariat development of an Appraisal Manual to inform consistent approaches for assessing funding proposals, in coordination with ITAP;
- (d) Review the risk management framework (number of components reviewed will be guided by available budget);
- (e) Reorient risk management systems from reporting risk toward proactive risk identification and management; and develop and publish the quarterly Risk Dashboard to provide a snapshot of key risks to GCF operations and portfolio;
- (f) Contribute to strengthening the Secretariat's institutional risk management framework, including through development of a risk control self-assessment tool;
- (g) Lead ongoing development and reviews of the investment framework policies;
- (h) Ensure ESS, Indigenous Peoples and Gender Policy standards and requirements are adhered to in projects and other operations of the GCF;
- (i) Continue the operationalization of GCF's Indigenous Peoples Policy, including the establishment of the Indigenous Peoples Advisory Group (IPAG);
- (j) Continue the operationalization of the Updated Gender Policy, and continue to implement some of the commitments made under the Action Coalition on Feminist Action for Climate Justice;
- (k) Ensure that SEAH provisions in the revised Environmental and Social Policy are implemented for counterparties, following Board approval, including developing a SEAH action plan and SEAH risk assessment tool;
- (l) Finalise the development of the GCF's own environmental and social standards;
- (m) Continue operationalizing the Compliance risk policy, including requests of enhanced due diligence to prevent sanction violations and similar Compliance breaches of GCF's Integrity policies related to AML/CFT;
- (n) Work with the IIU to conclude the development of standard operating procedures (SOPs) under the Anti-Money Laundering and Countering the Financing of Terrorism Policy and Standards, and implement the SOPs throughout the Secretariat; and
- (o) Support GCF staff and AE awareness, capacity-building and training to meet relevant risk, investment, integrity and safeguarding policy requirements.

**Table 12: Overview of 2022 Office of Risk Management and Compliance staffing and budget (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Contractual services*	Common services	Total
24	5,139,604	479,645	45,909	1,062,061	1,596,431	8,323,650

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

### 3.6.7 Office of General Counsel

121. 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.

122. *Key 2022 Work programme deliverables*

- (a) Support the accelerated implementation of projects, by negotiating and signing of at least 3 AMAs and 28 FAAs;
- (b) Support the reaccreditation of 15 entities and the negotiation and signing of the relevant AMAs amendments;
- (c) Provide legal review and negotiation and approval of terms sheets for the 32-37 regular funding proposals and 7-9 SAPs targeted for submission to ITAP in 2022;
- (d) Provide legal support on project restructurings, amendments and waivers;
- (e) Negotiate and sign legal agreements to facilitate expedited delivery of Readiness, NAP/adaptation planning and PPF projects, and organization of structured dialogues;
- (f) Participate in the review of all policy drafts being developed for Board or Committee consideration;
- (g) Deliver three (3) additional privileges and immunities agreements in 2022 under the traditional method and pursue a multilateral approach by engaging with the United Nations for a potential institutional link;
- (h) 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
- (i) Support legal aspects of the Board's workload, including organization, operational and institutional policy development, decision-making, replenishment and trustee-related matters.

**Table 13: Overview of 2022 Office of General Counsel staffing and budget (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
16	3,529,433	624,982	90,019	939,275	1,064,288	6,247,997

### 3.6.8 Office of Governance Affairs

123. 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. Finally, OGA plays a role in enhancing the understanding of GCF mandates, policies and rules, and in ensuring a smooth relationship between actors involved in its governance in accordance with the GCF's Governing Instrument.

124. *Key 2022 work programme deliverables:*

- (a) Deliver onboarding for new members to the fourth term of Board membership 2022-2024 and assist the onboarding of the 2022 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) Support the Board in addressing COP guidance, including on technology-related matters; and prepare the draft of the report of the GCF to the COP;
- (e) Engage in COP 27 and key meetings of the constituted bodies of the UNFCCC to advance substantive issues of COP guidance, furthering collaboration with the UNFCCC secretariat;
- (f) Implement the Operational Framework on Complementarity and Coherence, including, including the GCF-GEF long-term collaboration strategy 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;
- (g) Organize the annual dialogue with climate finance delivery channels and a stakeholder workshop to highlight lessons learned on complementarity and coherence;
- (h) Contribute to translating nationally determined contributions (NDCs) into country and entity work programmes as part of the respective CWP and EWP review teams;
- (i) Support the Board 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.

**Table 14: Overview of 2022 Office of Governance Affairs staffing and budget (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
13	2,884,285	215,325	120,345	42,233	864,733	4,126,921

### 3.6.9 Division of External Affairs

125. 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 2022 will be to shape resource mobilization, strategic partnerships and corporate communications in preparation for GCF-2 replenishment, which is to be formally launched in July 2022. DEA supports resource mobilization by supporting preparations for and the conduct of periodic replenishment processes, update of relevant policies, engaging strategically with current and potential contributors, and driving communication of the Fund's vision and results. DEA's strategic partnerships and outreach team focuses on strengthening GCF's profile and visibility through organizing and facilitating participation in key global and regional events, engaging with global leaders and stakeholders (including programming counterparts), as well as driving vital multi-stakeholder partnerships and relationships aligned with the Fund's USP and work programme outcomes. The communications team drives 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.

126. *Key 2022 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;
- (b) Prepare the GCF-2 process document and budget for Board approval in Q1 2022;
- (c) Update the Policy for Contributions, and develop a Policy for Contributions from Alternative Sources for Board consideration;
- (d) Engage a high-level GCF Global Facilitator as well as key advocates including Heads of State, Ministers, and global leaders in support of the GCF-2 replenishment;
- (e) Promote key strategic partnerships, targeted to contribute to delivery of the USP and 2022 work programme initiatives;
- (f) 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;
- (g) Coordinate cross-Secretariat representation in events, including organizing GCF-hosted 2 key global leadership events and coordinating contributions to a series of other events aligned with GCF's strategic and programming objectives;
- (h) Publish the GCF Annual Results Report, bi-monthly Board Bulletins, and a quarterly newsletter for wider external circulation

- (i) Position GCF op-eds, press releases in global and regional media as well as interviews with top management in the top-tier global media; and develop features on GCF impact stories and showcasing GCF results through compelling evidence-based project stories and case studies;
- (j) Maintain the relationship with GCF's host country.

**Table 15: Overview of 2022 Division of External Affairs staffing and budget (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Communications cost	Common services	Total
17	3,909,272	246,558	97,051	693,700	1,130,805	6,077,386

### 3.6.10 Division of Support Services

127. The Division of Support Services (DSS) provides a range of corporate services that are critical to enabling the GCF to carry out its daily activities with efficiency and financial integrity. These include financial management, administration, ICT, procurement, event and travel management and the treasury function. The DSS team also works in conjunction and coordination with other operational units to provide critical support to a full range of project cycle activities, including negotiating AMAs and FAAs; reviewing funding proposals, Readiness, PPF and SAP; contributing to monitoring performance reports and project disbursements; and supporting the preparation and implementation of GCF policies. The DSS also provides general services to all GCF personnel in maintaining a healthy and safe working environment, addressing staff security concerns, and maintaining 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.

128. *Key 2022 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) Establish an operations control function to ensure business processes are codified and implemented, and control gaps, risks and bottlenecks identified and addressed;
- (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 timely review of financial clauses of Term Sheets, AMAs and FAAs and assessing financial performance reporting such as APR, readiness reports and semi-annual reports, audit reports etc as well as thorough review of procurement matters;
- (f) Coordinate the annual external audit of Financial Statements to provide assurance to its stakeholders including the contributors;
- (g) Prepare the 2023 Administrative Budget, monitor the execution of the 2022 budget and provide timely execution reports to support decision-making;

- (h) Work with the Board and committees to find ways to minimize the impact of the currency fluctuations;
- (i) Implement the Corporate Procurement Guidelines and Manual through processes improvement, automation and establishment of long-term agreements for increased efficiency;
- (j) Collaborate with other units in the planning and delivery of GCF events in line with the Events Management Guidelines;
- (k) Continue driving the GCF's Digital Agenda 2020-2023 and GCF's digital transformation in its third 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 16: Overview of 2022 Division of Support Services staffing and budget (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
41	7,490,833	627,573	50,657	314,000	2,727,236	11,210,299

### 3.6.11 Office of Human Resources

129. 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.

130. *Key 2022 work programme deliverables:*

- (a) Complete the capacity-building needed to allow GCP to function efficiently and effectively (90% fill ratio);
- (b) Consolidate a corporate culture centred in GCF's Values that fosters staff wellbeing and resilience and provides a safe, respectful and conducive work environment;
- (c) 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;
- (d) Enhanced employee experience translated in greater staff satisfaction, engagement and trust;
- (e) Increase automation of HR business processes for an augmented user experience;

- (f) Submission for approval of 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.

**Table 17: Overview of 2022 Office of Human Resources staffing and budget (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Contractual services	Common services	Total
12	2,411,465	210,990	7,935	388,265	798,215	3,816,870

### 3.6.12 Office of the Internal Auditor

131. 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 2021, to identify the audits, reviews and advisory engagements to be performed in the rest of GCF-1, focusing on those to be performed in 2022. 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 review the results of the external technical assessment it is receiving in 2021 under the Independent Quality Assurance Improvement Programme (QAIP) and will implement recommendations made in the review.

132. *Key 2022 work programme deliverables:*

- (a) Update and maintain a risk-based workplan for 2022–2025;
- (b) Perform at least five audits 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 external QAIP review;
- (f) Evaluate and select a new audit management platform service; and
- (g) Maintain strong working relationships with internal auditor counterparts.

**Table 18: Overview of 2022 Office of the Internal Auditor Staffing and Budget (in United States dollars)**

Projected average staff headcount in 2022	Estimated staff cost	Consultants	Projected travel	Professional services	Common services	Total
4	761,402	14,700	15,770	2,800	266,072	1,060,744

### 3.7 GCF Trustee (World Bank) Workplan and Estimated costs for CY 2022 (as submitted by the Trustee)

**Table 19: Estimated Costs**

<b>GCF Trustee: Administrative Budget 1 January - 31 December 2022 (in United States dollars)</b>			
	<b>Board Approved Budget (January 1, 2021 - December 31, 2021) A</b>	<b>Estimated 2022 Budget (January 1, 2022 - December 31, 2022) B</b>	<b>Change (2022-2021) B - A</b>
1. Financial and programme management	961,000	941,000	(20,000) -2%
2. Investment Management	2,610,000	2,520,000	(90,000) -3%
3. Accounting and reporting	83,000	83,000	- 0%
4. Legal services	102,000	102,000	- 0%
<b>Total: Trustee</b>	<b>3,756,000</b>	<b>3,646,000</b>	<b>110,000</b> -3%

#### Trustee Workplan Description

133. 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.

134. Financial and Programme 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 and sustainable management strategies. In addition, estimated costs amounting to US\$45,000 for IT systems development and customization required to accommodate specific GCF transactions and reporting needs are also included.

135. 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 CY2022, an average annual cash balance of US\$ 5.6 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 CY2022.

136. 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.



137. 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 I: 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 2022 output-based budget approach reflects the same approach used for the first time in 2020 and then in 2021. In this context, it is important to note that almost 63 per cent of the 2022 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 89 per cent of the 2022 Secretariat budget. While attributing costs to the Secretariat's six 2022 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 2022 effort towards output-based budgeting uses the broad 2022 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 2022 work programme, and efforts have been made to attribute staff time and other budget components (contractual services, consultants and travel) to those priorities. Output-based budgets are formulated based on management's assessment of outputs of various divisions.

**Table 1: Output-based budget summary**

Priority Description	Budgeted amount (in USD)
01- Supporting origination of country-driven, paradigm-shifting investments and enhancing direct access	12,630,273
02- Project development and appraisal to build a USP-aligned, impactful portfolio	14,327,748
03- Management of portfolio implementation for results and knowledge	11,095,780
04- Supporting the Board and consolidation of policy & governance frameworks	10,567,650
05- Facilitating access and accelerating implementation by optimizing operational efficiency, effectiveness and transparency	10,250,855
06- Consolidating institutional capacity, culture and performance in preparation for the GCF second replenishment	20,527,624
<b>Total</b>	<b>79,399,930</b>



Table 2: Output-based budget details

Priority Description	Budgeted amount (in USD)
<b>01- Origination of country-driven paradigm-shifting investments</b>	<b>12,630,273</b>
Full-time Staff	8,005,330
Consultants	722,639
Travel	405,240
Professional Services	1,110,500
Other Operating Costs	2,386,564
<b>02- Project development and appraisal to build an impactful GCF portfolio</b>	<b>14,327,748</b>
Full-time Staff	8,564,779
Consultants	1,042,057
Travel	362,525
Professional Services	1,974,850
Other Operating Costs	2,383,537
<b>03- Management of portfolio implementation for results and knowledge</b>	<b>11,095,780</b>
Full-time Staff	6,790,903
Consultants	957,761
Travel	170,710
Professional Services	1,231,223
Other Operating Costs	1,945,183
<b>04- Supporting the Board and helping to advance consolidation of the GCF's policy and governance framework</b>	<b>10,567,650</b>
Full-time Staff	7,354,662
Consultants	454,314
Travel	380,678
Professional Services	465,233
Other Operating Costs	1,912,763
<b>05- Facilitating access and accelerating implementation by Improving process efficiency, effectiveness, transparency and speed of delivery</b>	<b>10,250,855</b>
Full-time Staff	7,009,378
Consultants	779,168
Travel	359,568



Priority Description	Budgeted amount ( in USD)
Professional Services	871,061
Other Operating Costs	1,231,680
<b>06- Fostering a high-performance collaborative culture and consolidating institutional capacities and oversight</b>	<b>20,527,624</b>
Full-time Staff	13,802,768
Consultants	896,857
Travel	186,073
Professional Services	947,240
Other Operating Costs	4,694,686
<b>Grand Total</b>	<b>79,399,930</b>



## Annex II: Total administrative budget including independent units

		2021 approved budget	Proposed 2022 budget	Change in 2022 draft budget over 2021 approved Budget	% change
1	Board	4,756,436	4,767,656	11,220	0.2%
2	Secretariat	75,018,024	79,399,930	4,381,906	5.8%
3	Trustee	3,756,000	3,646,000	-110,000	-2.9%
4	Independent Units				
	Independent Redress Mechanism	1,395,471	1,645,915	250,444	17.9%
	Independent Integrity Unit	2,796,393	3,102,910	306,517	11.0%
	Independent Evaluation Unit	5,912,573	6,487,012	574,439	9.7%
	<b>Grand total</b>	<b>93,634,897</b>	<b>99,049,423</b>	<b>5,414,526</b>	<b>5.8%</b>

## Annex III: 2022 Secretariat Work Programme Results Framework

KPI	Description	Target	Baseline (Cumulative as at 31 July 2021, unless indicated)
<b>Priority 1: Origination of country-driven, paradigm-shifting investments</b>			
1.1	Coordinated engagement of NDAs, AEs and DPs on USP and GCF-1 programming goals	Fund-level programming communications and guidance developed and maintained	New KPI
		10 dedicated programming engagements	New KPI
		Collaborative plans with other climate funds on complementarity and coherence implemented	New KPI
1.2	Number of country programmes and multi-annual entity work programmes endorsed with aligned, GCF-facing investment plans and pipelines	30 country programmes (including national DAEs);	26 (24 before GCF-1)
		5 IAE entity work programmes, 3 regional DAE entity work programmes	9 IAE, 1 regional DAE
1.3	Implementation of DAE action plan with system in place for monitoring progress and results	50% reflecting initiation of key activities in 2022 toward full delivery by 2023	New KPI
1.4	Readiness support delivered to enhance country access to GCF	81 readiness requests approved (55 Single year; 10 Multi-year; 16 Adaptation Planning)	410
		141 countries accessing readiness	140
1.5	High-quality, country driven concept notes developed through readiness, TA and/or regional desk support	Concept notes supported: At least 40	System being developed to track CNs developed through readiness/PPF support
		Concept notes entering GCF pipeline: 20	
1.6	Number of AMAs signed (incl. DAE and private)	3-5 (1-3 IAE AMAs; 2 DAE AMAs including 3 private)	94 (39 IAEs; 55 DAEs; including 16 private)



KPI	Description	Target	Baseline (Cumulative as at 31 July 2021, unless indicated)
1.7	Number of entities submitted for reaccreditation	15	New KPI
<b>Priority 2: Project development and appraisal to build an impactful GCF portfolio</b> <i>* All programming targets are shown in nominal terms. Note that GCF-1 portfolio targets are in grant-equivalent terms</i>			
2.1	Total number and volume of FPs submitted to iTAP	TOTAL: 39-46 (1770-2420M)	177 (8845M) 2021 approved to date: 19 (1698M)
		PAP: 32-37 (1700-2330M)	154 (8637M) 2021 approved to date: 15 (1660M)
		SAP: 7-9 (70-90M)	23 (208M) 2021 approved to date: 4 (38M)
2.1.1	Adaptation proposals (including cross-cutting) submitted to iTAP	18-22 (800-1100M*)	74 adaptation & 45 cross-cutting (3.0B) 2021 approved to date: 12 (376M)
2.1.2	DAE proposals submitted to iTAP	9-14 (350-550M*)	38 (1685M) 2021 approved to date: 3 (289M)
2.1.3	Private sector proposals submitted to iTAP	12-14 (750-900M*)	35 (2959M) 2021 approved to date: 2 (308M)
2.2	Number of AEs/FPs receiving active PPF or project development support through grants or TA	12, including 8 DAEs	44
2.3	USP and Board directions on private sector strategy implemented	100%	New KPI
2.4	Delivery of practical tools to guide project development and appraisal	Completion and socialization of 8 sector guides	5 sector guides consulted
		Operationalization of project appraisal manual: 100%	New KPI

KPI	Description	Target	Baseline (Cumulative as at 31 July 2021, unless indicated)
2.5	Percentage of approved FPs including gender assessments, gender action plans and gender disaggregated data	100%	100%
<b>Priority 3: Management of portfolio implementation for results and knowledge</b>			
3.1	Number of FAAs signed	28	153
3.2	% of projects under implementation	80%	76%
3.3	Aggregate disbursements for funded activities	+913-1,193M in 2022 for cumulative total of 3,376M - 3,391M	2,025M
3.4	% of approved readiness requests receiving disbursements	>90%	91%
3.5	Readiness & funded activities reports reviewed for results	Readiness Reports (IPRs & CRs): 200	2021 to date: 165
		Funded Activities (APRs, interim and final evaluations, inception/baseline): 155	2021 to date: 110
3.6	Readiness/Funded activities change requests processed	Readiness/PPFs amendments processed: 50	New KPI
		Number of FA minor/major changes processed: 40	New KPI
3.7	Knowledge generated from implementation of readiness and funded activity portfolio	Learning loop established for the Readiness and Preparatory Support Programme	New KPI
		22 evidence-based knowledge products generated showcasing GCF results	24 2021 to date: 6
<b>Priority 4: Supporting the Board and consolidation of policy &amp; governance frameworks</b>			



KPI	Description	Target	Baseline (Cumulative as at 31 July 2021, unless indicated)
4.1	Secretariat-led policy documents delivered to the Co-Chairs, in line with the updated Board workplan, for Board consultations or publication for a Board meeting	100%	71%
4.2	Secretariat-led information and standard operational documents delivered to the Co-Chairs in line with the provisional agenda at least 21 calendar days before a Board meeting	100%	68%
4.3	Secretariat-led policy drafts developed in line with the Secretariat policy manual, including impact assessment, implementation plans and resourcing requirements	100%	83%
4.4	Policy implementation planning, monitoring and reporting in place for all newly approved policies	100%	50%
4.5	Overall policy review delivered for Board consideration	100%	New KPI
4.6	COP guidance addressed including through collaboration with the UNFCCC and on-time submission of COP report	11 <sup>th</sup> GCF report to the COP submitted on time demonstrating how COP guidance has been addressed	10 <sup>th</sup> COP report submitted for Board approval
<b>Priority 5: Facilitating access and accelerating implementation by improving process efficiency, effectiveness, transparency and speed of delivery</b>			
5.1	% of requests reviewed within target service standards	Accreditation: 90% stage I applications reviewed within 105 days	61%
		Readiness (non-NAP): 70% reviewed within 35 days	43%



KPI	Description	Target	Baseline (Cumulative as at 31 July 2021, unless indicated)
		Readiness (NAP): 70% reviewed within 45 days	87%
		PPF: 80% reviewed within 21 days	90%
		CN review: Public: 50% reviewed within 30 days; Private 75% reviewed within 30 days	54%
		FP review: 70% within 75 days	84%
		SAP CN review: 70-75% within 21 days	40%
		SAP FP review: 70-75% within 30 days	100%
		Minor portfolio change requests reviewed: 75% within 30 days Major portfolio change requests reviewed: 60% within 180 days	70%
5.2	Project cycle/IPT reviews undertaken in line with the Operations Manual and project appraisal manual	80%	54%
5.3	Digital agenda – 2022 work plan delivered, including advancing systems integration, and automation of financial management, recruitment and procurement systems	100%	71%
5.4	Initiate implementation of the data management strategy	100%	New KPI
5.5	Establishment of operations control and change management functions to oversee corporate performance and organizational reforms	100%	New KPI
<b>Priority 6: Fostering a high-performance collaborative culture and consolidating institutional capacities and oversight</b>			
6.1	Vertical alignment between strategic directions, work programme and staff performance plans	100%	80%



KPI	Description	Target	Baseline (Cumulative as at 31 July 2021, unless indicated)
6.2	End of year fill ratio	90%	83%
6.3	Staff undertaking GCF onboarding and core knowledge training	100%	79%
6.4	SMT fosters a respectful, harmonious and safe work environment	100% implementation of engagement survey action plan	25%
6.5	Coverage of privileges and immunities expanded	3 agreements and explore other options to fulfill mandate; pursuit of the initiative with the UN for P&Is at the multilateral level	27
6.6	On-time preparation for and launch of the GCF-2 replenishment process	On time submission and approval of documents, hosting of meetings and consultations	New KPI
6.7	Partnerships strengthened and targeted outcomes delivered	At least 4 strategic partner engagements executed with potential to drive programming outcomes	8 partnerships advanced
6.8	Percentage of high risks audited or reviewed in a year	90%	New KPI



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