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Revisions to the Policy on Fees

Summary

This document proposes a revision to the Policy on Fees as requested by the Board through decision B.36/06. The revised Policy on Fees aims to enhance responsiveness to diverse contexts such as the least developed countries, small island developing States, and fragile and conflict-affected contexts, while promoting the effective use of resources.

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I. Introduction

1. In the findings of its evaluation of the relevance and effectiveness of the GCF investments in the African States,¹ the Independent Evaluation Unit (IEU) stated that the current GCF Policy on Fees does not account for regional cost variations, as fees are applied globally:

(a) “The extent to which the GCF is accounting for high operating costs in Africa remains somewhat limited, as the policy on AE [accredited entity] fees is applied uniformly across regions and AE types. Early evidence suggests that DAEs have the potential to deliver outcomes more cost effectively than is the case for IAEs.”

2. The IEU explained this finding by noting:

(a) “While the GCF has been delivering projects within approved budgets, evidence suggests that it does not adequately consider the high cost of operating in Africa, and particularly in SIDS [small island developing States] and fragile, conflict and violence-affected contexts that usually require additional management time and resources”;

(b) “A concern is that the policy on fees outlines the fees structure for AEs related to public sector FPs [funding proposals], as well as activities under the PPF [Project Preparation Facility] and Readiness programme. Fees are determined based on the project size, with no regard to project location or country classification such as least developed country (LDC), small island developing state (SIDS) or fragile, conflict and violence-affected contexts”;

(c) “Indeed, consulted stakeholders from AEs, CSOs [civil society organizations] and the GCF noted that AE fees provided by the GCF are not sufficient to cover the costs incurred by AEs for the implementation of activities”;

(d) “The policy on fees structure presents some important limitations. First, the policy does not account for higher implementation costs in certain regions or countries, as the fees structure is applied globally. Yet, the cost of doing business in SIDS or in fragile, conflict and violence-affected contexts is generally higher.”

3. The IEU recommended: “The GCF should revise its policy on fees for AEs operating in Africa, to account for the high operating costs of working in the continent, particularly LDCs, SIDS and fragile, violence and conflict-affected contexts in Africa. The policy should also account for the additional responsibilities of the AEs, including project monitoring and reporting and institutional learning.”

4. In its management response, the Secretariat acknowledged that operating costs are high in many of the countries in which GCF operates, agreeing with the need to consider context when setting fees. The Secretariat noted that the evaluation found that the fees of direct access entities (DAEs) were often lower than those of international access entities (IAEs), implying that the benefits of increased fees would flow mostly to IAEs in those instances. The Secretariat also noted that clarity was needed on whether increased fees would result in better implementation oversight. The Secretariat would support a fee structure focused more on increasing efficiency and effectiveness than on raising limits.

5. The Secretariat has prepared the revised Policy on Fees contained in annex II (the proposed policy) pursuant to decision B.36/06, paragraph (d), which requested the Secretariat to present a revised policy on AE fees for Board consideration.

¹ Independent evaluation of the relevance and effectiveness of the GCF investments in the African States: document GCF/B.35/08, republished as document GCF/B.36/13.

II. Current policy

2.1 Overview

6. The Board, in decision B.11/10, paragraph (e), adopted an interim policy on fees for AEs and requested the Secretariat to develop, for Board consideration, a policy that would take into account lessons learned from the implementation of the interim policy on fees, relevant decisions of the Board, and options for a performance-based approach and appropriate incentives.

7. In response to this mandate at its nineteenth meeting (B.19), the Board adopted the Policy on Fees,² including general principles and an indicative list of eligible costs covered by AE fees and project management costs (PMC).³ Under the Policy on Fees, GCF finances a proportional share of the funds needed to implement each funded activity, referred to as PMC. PMC are paid directly from the project budget approved with each funding proposal. In addition, GCF pays an AE fee to help to cover additional costs incurred in overseeing GCF proceeds and ensuring compliance with GCF policies.

8. Under the Policy on Fees, AE fees and PMC are negotiated between the Secretariat and AEs during appraisal of funding proposals. Following Board approval, the relevant terms are finalized and included in the funded activity agreement.

9. For proposals under the Readiness and Preparatory Support Programme (Readiness Programme) or the Project Preparation Facility (PPF), relevant fees and PMC are included in addition to activity budgets. In such cases, the fee amounts agreed between the project team and the AE (for funding proposals and the PPF applications) or delivery partner (for Readiness proposals) are reviewed and approved by the relevant approving authority within the Secretariat. Where GCF procures services directly – such as mini-tenders under the new Readiness modalities or the PPF service modality⁴ – no relevant fee or PMC are paid.

2.2 Project activity budgets

10. When submitting a funding proposal, AEs are required to include a detailed budget plan as annex 4. Readiness proposals and PPF applications also include detailed budgets.

11. The budget provides a breakdown by type of expense, including project staff and consultants, travel, goods, works, services, and construction costs. Each budget line should clearly identify the source of financing and the proposed financial instrument, and should be supported by the assumptions made used to derive the budget figures, in the form of budget notes.

12. In addition to project activities, the budget may also include a budget line of 2 to 5 per cent of the project budget for the generation and collection of evaluative data for the project, as authorized under the Evaluation Policy for the GCF, paragraph 41. However, the cost of interim and final evaluation reports should be covered by AE fees.⁵

² Decision B.19/09, annex VIII.

³ Decision B.19/09, annex IX.

⁴ Under these modalities, countries (for Readiness) and AEs (for the PPF) can define specific terms of reference and competitively select the provider from a pre-qualified list.

⁵ Under the proposed policy, the interim and final evaluation costs will be covered by the PMC.

2.3 Project management costs

13. PMC are the direct administrative costs incurred to execute a project. They should cover only incremental costs incurred due to the GCF contribution. In most cases, these costs are directly related to the expenses of an executing entity (EE) or a dedicated project management unit (PMU), which manages the day-to-day execution-related activities of the project. PMC may include PMU staffing and consultant costs as well as other direct costs incurred by the PMU, such as travel costs and office supplies.

14. AEs and delivery partners include an estimate of PMC as part of the main budget annex. Similar to the project activity budgets, the PMC budget should list the type of expense and source of financing, and should be supported by budget notes. The general principles approved through decision B.19/09 require additional documentation for PMC exceeding 5 per cent for funding proposals and 7.5 per cent for readiness proposals and PPF applications.⁶ This additional documentation may include market comparisons for similar goods and services, historical data from comparable projects, and/or third-party validations, as appropriate.

15. According to decision B.19/09, the proportion of PMC financed by GCF should not exceed the proportion of the overall budget financed by GCF. PMC are paid along with project disbursements in accordance with the schedule in the relevant legal agreement.

2.4 Accredited entity fees

16. Apart from the project budget and PMC, AEs must also submit a separate budget template as annex 12 to the funding proposal outlining the estimated costs of implementation start-up, technical supervision, administrative oversight, programme closure, and reporting and evaluation as the AE fees. While a separate annex is required to request these fees in funding proposals, such fees are already integrated into the main budget template for Readiness proposals and PPF applications.

17. The Policy on Fees places caps on fees paid to AEs for grants for public sector projects and programmes, PPF applications, and fees paid to recipients of grants under the Readiness Programme. As shown in table 1 below, the maximum fees are based on a percentage of total GCF project financing and vary based on the project's size category, subject to negotiation between the AE and the Secretariat.

Table 1: GCF accredited entity fee structure, based on decision B.19/09

Project size	Fee cap (percentage of GCF funding)
Micro (\leq USD 10 million)	Up to 8.5% ^a
Small (USD 10–50 million)	Up to 7% ^b
Medium (USD 50–250 million)	Up to 5%
Large ($>$ USD 250 million)	Up to 4%

^a For micro projects, the fees may be increased to 10 per cent if the Secretariat considers there is strong justification for increasing the percentage.

^b For small projects, the fees may be increased to 8 per cent if the Secretariat considers there is strong justification for increasing the percentage.

⁶ Decision B.19/09, annex IX, para. 7.

18. Fees for private sector and non-grant public sector projects and programmes are negotiated on a case-by-case basis,⁷ although the general principles state that they should not exceed the fee caps for public sector grants.⁸

19. AE fees are disbursed according to a schedule agreed with GCF in the relevant legal agreement. Disbursements can be either proportional and coincident to the disbursement of project funds or according to a schedule of substantiated costs, with the first disbursement not exceeding 50 per cent of the total fee. For all projects, the final 10 per cent of the total fee is disbursed only after the recipient submits to the Secretariat the project completion report and any other requirement on project completion as specified in the funded activity agreement or other relevant agreement.

III. Research and consultation

20. In developing its proposed revisions to the Policy on Fees, the Secretariat:

- (a) Conducted an internal analysis of PMC and AE fees across projects;
- (b) Contracted an external firm to conduct a study of the Policy on Fees and a comparison with other climate funds and similar comparators; and
- (c) Consulted with Board members, AEs, national designated authorities (NDAs), active observers and independent units from December 2025 through June 2026.

3.1 Internal analysis

21. On a portfolio level, through the first quarter of 2026, GCF has committed the equivalent of USD 891 million to AE fees for funded activities, equal to 4.4 per cent of the GCF-funded activity portfolio.⁹ Between 2020 and 2024, GCF committed an average of USD 83 million per year to AE fees. The proportion of AE fees relative to the portfolio has increased marginally over the same period, from 3.8 per cent to 4.3 per cent. As at 28 February 2026, the AE fee commitment for PPF activities was USD 5.3 million, representing 7.12 per cent of the approved PPF portfolio. The AE fee commitment for readiness activities is USD 58.6 million, equal to 8.5 per cent of the readiness portfolio.

22. To better understand how AE fees and PMC are applied on a project level, the Secretariat conducted a detailed analysis of AE fees and PMC for 173 projects and programmes approved between B.21 and B.42,¹⁰ which includes proposals approved since the adoption of the Policy on Fees.¹¹

23. To account for the fungibility of money and the potential overlap between expenses, the analysis examined both the approved AE fee and the approved PMC in relation to total project costs, including co-financing. This gives the best overall estimate of the volume of resources that are dedicated to project management, supervision and reporting against the total resources dedicated to project outcomes. These combined expenses were then analysed across various

⁷ Decision 19/09, annex VIII, para. 1.

⁸ Decision 19/09, annex IX, para. 12.

⁹ *Green Climate Fund Trust Fund Financial Report*, 31 March 2026. Available at <<https://fiftrustee.worldbank.org/content/dam/fif/funds/gcftf/TrusteeReports/GCFTF%20Financial%20Report%20as%20of%20Mar%2031%202024.pdf>>

¹⁰ This sample accounts for 71 per cent of all funding proposals approved during this period. The omitted funding proposals had non-standard elements within the fees that made comparison difficult.

¹¹ Data tables from this analysis have been distributed to Board members through a limited-distribution addendum (addendum II), to avoid influencing negotiation of AE fees and PMC in funding proposals currently under appraisal.

project characteristics, including size, region, country coverage, financial instruments, entity type, and inclusion of SIDS or LDCs.

24. Project size strongly influenced combined AE fees and PMC, which averaged 8.3 per cent of total project costs. Micro (13.3 per cent of total costs) and small (9.0 per cent) projects were above this average, while medium (6.8 per cent) and large (2.9 per cent) projects were below it. This is probably because fixed project costs constitute a higher proportion of a smaller project budget, and the Policy of Fees allows for higher fee percentages for micro and small projects. Medium and large projects represent 41 per cent of the total volume of approved funding and account for 65 per cent of the total AE fees and PMC.

25. The average AE fees for projects financed with non-grant instruments are substantially lower (4.1 per cent of GCF financing) than those for grant-funded projects (6.9 per cent of GCF financing). Projects financed with non-grant instruments also have lower PMC (3.5 per cent of total costs) than grant-funded projects (4.8 per cent of total costs) despite there being no difference in the threshold for additional documentation. While larger projects tend to involve non-grant instruments more frequently, the pattern holds across all size categories.

26. Limited variations are observed when AE fees and PMC are analysed based on region, AE type, and the inclusion of SIDS or LDCs. The Secretariat's analysis found similar average AE fees and PMC across regions when project size is taken into consideration. Combined AE fees and PMC are slightly higher for IAEs than DAEs. Proposals that did not include SIDS, LDCs or fragile and conflict-affected states (FCAS) have similar averages to those of proposals that did include them. This finding reflects observed patterns within the GCF portfolio and should not be interpreted as indicative of future resource needs across these different contexts.

3.2 External comparisons

27. Following decision B.36/06, the Secretariat engaged an external firm to conduct a review of the GCF Policy on Fees. The external firm noted that while many organizations provide some type of financial support analogous to GCF AE fees and PMC, specific approaches are not fully comparable due to different mandates and operating models. For example, the policy approach and levels of fee caps vary significantly between the multilateral climate funds based on their respective mandates and operating models. The report also noted that comparators generally work with a significantly smaller number of implementing agencies than GCF, and some also have a different approach towards implementation and execution of projects, which has implications with respect to the objectives and scope of the cost funding that is offered.

28. GCF projects significantly differ from those of other multilateral climate funds in scale, financial complexity, the number of partners and the range of partner capabilities. The agency fees at the Global Environment Facility are 9 to 9.5 per cent for typical projects and programmes and 4 per cent under its small grants programme. The implementing entity fees at the Adaptation Fund are 9.5 per cent for single-country projects and programmes and 10 per cent for regional programmes. The Climate Investment Funds (CIF) compensates for core administrative costs through an annual budget for the multilateral development bank focal points, and incremental programme- and project-related costs are reimbursed through a cost-recovery approach, applying percentage rates for most public sector projects – typically 5 per cent on grants, and fees of up to 0.45 per cent on loans and guarantees. For private sector projects, CIF determines cost recovery on a case-by-case basis through a customized budget request. CIF does not provide guidance on maximum fees, noting that for the private sector the variety of tenors and complexity of projects make such guidance impractical. In light of these differences in project characteristics and the distinct scope of activities undertaken by each

institution, the GCF fee structure may be seen as comparatively lower, reflecting its application to a different portfolio of partners and projects than those of other funds.

3.3 Consultations

29. The Secretariat also conducted a consultation process with stakeholders during the first half of 2026. A draft policy proposal was circulated to Board members, active observers, AEs, NDAs and independent units between 23 December 2025 and 26 January 2026. On 13 January 2026, the Secretariat hosted a webinar to solicit feedback from NDAs and AEs with executed accreditation master agreements. An online technical session was held for Board members, advisers and active observers on 5 February 2026.

30. In this first round of consultations, written responses were received from 61 stakeholders, primarily AEs, and the two technical consultation webinars were attended by 91 participants representing AEs and NDAs. While respondents broadly endorsed the objectives of increased transparency, consistency and simplification, recurring concerns related to potential reductions in resources for DAEs, impacts on SIDS and fragile and conflict-affected contexts, increased administrative burdens, and the segregation of the AE oversight and EE implementation functions.

31. The Secretariat organized a lunchtime session to discuss the policy proposal with Board members and advisers during B.44 in March 2026. The Secretariat also discussed the policy informally with Board members, advisers and AE representatives in the margins of B.44. Key themes emerging from these consultations included the need to further justify and recalibrate the PMC thresholds, the need for differentiated treatment for IAEs and DAEs, and concerns about co-financing and increasing debt burden. Stakeholders reiterated the need to ensure appropriate funding for safeguards and sustainability measures in all projects.

32. Following these consultations, the Secretariat revised its proposal to provide incremental adjustments in documentation thresholds for SIDS and LDCs, and a US dollar-based limit was proposed for IAEs. The Secretariat also introduced changes in the treatment of co-financing from sovereign and sub-sovereign sources when calculating the proportion of PMC paid by GCF to avoid increasing debt burdens. The policy proposal was also updated to clarify that funding for safeguards and sustainability measures could be included in PMC if not already included elsewhere in project budget.

33. A second round of written consultations took place between 26 May and 9 June 2026, and virtual consultations took place with AEs and NDAs on 2 June 2026, and Board members, advisers and active observers on 3 June 2026.

34. Board members identified a consistent set of concerns regarding the proposed policy, centred on whether the framework is sufficiently evidence-based, transparent and operationally workable. Key issues included the justification and practical application of PMC thresholds; the need for stronger differentiation across entity types and country contexts, particularly for DAEs, African States, SIDS and LDCs; uncertainty over how key costs related to gender, environmental and social safeguards, Indigenous Peoples, monitoring, and evaluation would be fully covered without duplication; and concerns about fairness in co-financing and private sector cost-sharing assumptions. Many of the comments raised from AEs and NDAs were operational in nature, focusing on managing the split of costs between AEs and EEs, categorization of certain staff costs, and eligible travel expenses.

35. The feedback gathered through this process has been used to further refine the proposed policy prior to B.45. African states have been added to groups of countries eligible for the incremental adjustments in documentation thresholds, with special consideration for fragile

and conflict-affected contexts. The proposal clarifies the distinction between the budget for evaluative data and the funding of evaluation reports through PMC. Operational matters can be addressed further in the forthcoming budget approach document following approval of the policy.

IV. Policy rationale

36. As noted by the IEU, the Policy on Fees needs to be revised to be flexible and responsive to the specific circumstances of GCF projects. The current Policy on Fees is inflexible in three respects:

- (a) AE fees are capped based on the financial instrument and size of the project, without reference to the type of entity or the context in which the project is being implemented;
- (b) AE fees and PMC are strictly segregated with prescribed amounts for each, limiting the ability to make adjustments according to the needs of the project; and
- (c) AE fee and PMC budgets are difficult to change as implementation evolves.

37. The proposed policy will enhance responsiveness to the diverse operating contexts of GCF partners. Implementation costs are often significantly higher in some contexts due to factors such as limited economies of scale, geographical remoteness, institutional contexts and elevated operational risks. A more context-responsive approach to fees will also help to ensure that DAEs can access sufficient resources to effectively implement and supervise GCF-funded activities. This is in line with the IEU evaluation on GCF investments in the African States as previously cited and other IEU evaluations noting that:

- (a) The transaction costs of operating in SIDS tend to be significantly higher than in non-SIDS countries;¹²
- (b) Implementation in countries with high fragility implies higher costs and requires more flexibility as GCF partners often encounter delays and the need to change implementation planning;¹³ and
- (c) DAEs face implementation challenges to a higher degree than their IAE counterparts, which are expected to become more severe and wide-ranging as a more diverse range of DAEs programme with GCF.¹⁴

38. Providing adequate PMC resources for DAEs is particularly important to support them in effectively managing, supervising and delivering on GCF-funded activities. Enhanced support for project management and oversight would enable DAEs to supplement institutional systems, ensure compliance with GCF standards, and progressively take on larger and more complex projects. This, in turn, would promote transformational change by empowering country institutions, advancing country ownership, and strengthening the long-term capabilities of partners to implement climate action at scale.

39. A revised policy on fees also needs to be transparent and efficient in the use of GCF resources. Therefore, the proposed policy aims to promote effective use of resources for GCF projects and programmes, in line with the investment criterion of efficiency and effectiveness. GCF resources paid to AEs as fees should be used towards project implementation and meeting

¹² *Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the Small Island Developing States*. Available at <https://ieu.greenclimate.fund/evaluation/sids2020>.

¹³ *Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the Least Developed Countries*. Available at <https://ieu.greenclimate.fund/evaluation/LDC2022>.

¹⁴ *Independent Synthesis of Direct Access in the Green Climate Fund*. Available at <https://ieu.greenclimate.fund/evaluation/DA2022>.

GCF policies and requirements to maximize impact. Enhancing transparency on fee budgets during funding proposal appraisal and project oversight would be key to strengthening the Secretariat’s ability to manage and monitor such budgets.

40. It is important to acknowledge the diversity of GCF AEs, which may have different levels of resource capacities and capabilities. The revised Accreditation Framework acknowledges the critical role of AEs in the delivery of financing to developing countries to meet national mitigation and adaptation priorities while also meeting relevant GCF standards and safeguards. At the same time, the revised Accreditation Framework expects AEs to have the capacity and resources to fulfil their operational and administrative obligations to GCF throughout the project cycle, including designing and developing projects, overseeing implementation, and monitoring and reporting. Partners with higher capacities are expected to assume a commensurate share of the project management and supervision costs, and to demonstrate efficiency gains including through economies of scale. In addition, private sector partners with capacity for cost recovery through financial return are expected to demonstrate cost-effective management of GCF projects to ensure the prudent use of concessional resources.

V. Analysis of policy proposal

41. The proposed policy includes several key changes from the existing Policy on Fees, as shown in Table 2 below. These changes are intended to enhance responsiveness to diverse contexts, promote the effective use of resources and align with existing policy governance approaches.

Table 2: Comparison of the current and proposed policies

Policy element	Current policy	Proposed policy
Budget structure	Partners must submit separate budgets for PMC (implementation) and AE fees (oversight).	Implementation and oversight costs are consolidated into a single PMC budget.
Caps on total expenses	AE fees are capped by project size and instrument; PMC above certain thresholds require additional documentation.	Documentation thresholds in line with the existing approach for PMC replace a hard cap, although IAEs are subject to PMC limits in dollar terms that would be above the documentation thresholds.
Treatment of context	Fee structure is largely uniform and does not systematically reflect country context.	Threshold adjustments are provided for direct access entities, small island developing States, least developed countries and African States, and higher costs may be justified in fragile and conflict-affected contexts.
Contingency	AE fees and PMC do not contain contingency amounts to account for unforeseen expenses.	PMC may contain a reasonable contingency to account for unforeseen expenses.
Co-financing treatment	GCF share of PMC should not exceed its share of total financing.	The same general principle is maintained, but sovereign and sub-sovereign co-financing may be treated as GCF-financed for PMC-sharing purposes.

Policy element	Current policy	Proposed policy
Governance and updates	The Board sets the policy and the Secretariat manages implementation, including updates to eligible expenses.	The Board sets the policy and the Secretariat may update operational parameters, including documentation thresholds, eligible expenses and limits applicable to IAEs.

Abbreviations: AE = accredited entity, IAE = international access entity, PMC = project management costs.

42. The proposed policy integrates the cost components previously included under AE fees into PMC, creating a consolidated budget for facilitating funding requests and budget oversight. Streamlining these arrangements would improve administrative efficiency and reduce complexity in managing and overseeing the budgets. In acknowledgement of the distinct roles of project implementation and supervision, AEs would need to clearly delineate in their budget proposal which costs are designated for implementation and which are for supervision. In cases where AEs are performing both roles, they would also be expected to maintain a clear separation of operational roles for fiduciary purposes.

5.1 Enhancing responsiveness to diverse contexts

43. The proposed policy seeks to balance fairness and proportionality by recognizing the differing capacities and needs of AEs. While all entities are expected to meet the same accreditation standards, entities differ significantly in their operational, institutional and financial capacity.

44. The policy takes into consideration the specific circumstances of DAEs, including varying institutional capacities and ongoing organizational transition needs, to ensure they are adequately supported to implement the policy effectively, including through readiness support for relevant negotiation and implementation functions.

45. DAEs will not be subject to any cap on PMC to provide greater flexibility in requesting the necessary PMC as justified based on the country context or implementation needs of the project.

46. AEs and Readiness partners will follow a streamlined approach to documentation for PMC requests that fall below the proposed documentation thresholds set out in annex II, appendix I.¹⁵ This is intended to reduce administrative burden for partners. Where the PMC requested exceeds the proposed documentation thresholds, the Secretariat will ensure that the detailed documentation required is reasonable based on the conditions in the countries of implementation and provide the necessary guidance for facilitating budget preparation. Incremental adjustments to the documentation thresholds will be applied for projects with the following contexts in determining whether detailed documentation is required:¹⁶

- (a) Projects by DAEs; and
- (b) Projects in SIDS, LDCs and African States.

47. These adjustments align with the findings of the IEU evaluation and would enable streamlined processing for a higher number of projects with those contexts as more projects would fall under the increased thresholds and thus not be required to submit detailed

¹⁵ The thresholds are derived from historical averages to follow a sliding scale based on total GCF financing. Further information is provided in annex II, appendix I.

¹⁶ Although it does not adjust the threshold, for fragile and conflict-affected contexts, evidence of the relevant operating challenges could be used to justify higher or additional expenses that would not be needed in other contexts.

documentation. For avoidance of doubt, partners may still request PMC above the thresholds where justified by detailed documentation.

48. The proposed policy further allows the inclusion of PMC contingency budgets to strengthen responsiveness to changing circumstances during project implementation.

49. While PMC would generally be expected to be shared proportionally by GCF and co-financiers, GCF will cover the applicable amount of PMC for sovereign or sub-sovereign co-financiers,¹⁷ recognizing the need to avoid placing a disproportionate cost burden on such co-financiers.

50. To ensure responsiveness to the GCF operating environment, the Secretariat may update the documentation thresholds for PMC, incremental adjustments to these thresholds and the list of expenses covered by PMC following consultations with relevant stakeholders. This is consistent with the current approach, where decision B.19/09 authorizes the Secretariat to make the required changes to the indicative list of eligible costs to be covered under GCF fees and the indicative list of eligible PMC for the implementation of the GCF-funded activity and readiness activities.

51. The proposed policy also promotes sufficient resourcing of GCF policies and safeguards. Project activity budgets may continue to include a budget line of 2 to 5 per cent of the project budget for the generation and collection of evaluative data for the project, as authorized under the Evaluation Policy for the GCF, with the evaluation reports to be paid from PMC. The PMC may include requests for resources associated with activities related to the implementation of the gender action plan, safeguards instrument relating to Indigenous Peoples, environmental and social standards, and sexual exploitation, abuse and harassment (SEAH), provided that such requests are consistent with the list of eligible expenses and do not duplicate items already included elsewhere in the project budget.

52. The proposed changes in the policy address the relevant IEU recommendations as explained in table 3 below.

Table 3: How the proposed changes address the relevant recommendations in the independent evaluation of the relevance and effectiveness of GCF investments in the African States

IEU recommendation	Proposed policy
GCF should revise its policy on fees for AEs operating in Africa, to account for the high operating costs of working in the continent, particularly in LDCs, SIDS, and fragile, violence- and conflict-affected contexts in Africa.	<p>The proposed Policy on Fees provides:</p> <ul style="list-style-type: none"> • Flexibility by switching to a combined PMC budget with thresholds instead of caps; • Incremental adjustments to PMC thresholds for SIDS, LDCs and African States; and • In fragile and conflict-affected contexts, the ability for evidence of fragility or conflict-related conditions to be used to justify higher or additional expenses that would not be needed in other contexts.
The policy should also account for the additional responsibilities of the AEs, including project monitoring	<p>Covered by the PMC budget:</p> <ul style="list-style-type: none"> • Performance reports against the logical framework and requirements set out in the approved project and relevant GCF policies; and

¹⁷ To be further defined in the budget approach document. Generally, this will include co-financing by a national or sub-national government.

IEU recommendation	Proposed policy
and reporting and institutional learning.	<ul style="list-style-type: none"> • Activities related to the implementation of the gender action plan, safeguards instrument relating to Indigenous Peoples, environmental and social standards, and sexual exploitation, abuse and harassment, when not included elsewhere in the budget. <p>Collection of evaluative data may be funded through a separate budget line, per the Evaluation Policy for the GCF.</p>

Abbreviations: AE = accredited entity, LDC = least developed country, SIDS = small island developing State.

5.2 Promoting effective use of resources

53. The proposed policy maintains that GCF would provide PMC for funding incremental costs incurred to meet GCF policies and requirements, but not the costs that fall within the AE core costs. Where a partner under its policies and procedures would ordinarily incur particular costs to implement a project, the partner would be expected to finance such costs from its own resources, as it would when implementing a project absent GCF. This distinction requires AEs to clearly identify and justify costs attributable to GCF-specific requirements and underscores that GCF resources are not intended to cover general overhead costs unrelated to GCF projects.

54. The detailed documentation, where required from AEs, should demonstrate that costs are necessary and prudent under the relevant circumstances, and in line with industry standards and benchmarks through evidence such as, but not limited to, market comparisons for similar goods and services, historical data from comparable projects, and/or third-party validations, as appropriate. In fragile and conflict-affected contexts, evidence of fragility or conflict-related conditions could be used to justify higher or additional expenses that would not be needed in other contexts.

55. Partners would be required to submit PMC budgets that are built from the bottom up based on the needs of the project, whereby all proposed costs are derived from an itemized list of expenses. To promote efficiency, for IAEs, these budgets would be subject to limits (in total US dollars) as set by GCF in the budget approach document published by the Secretariat. These limits would be regularly updated based on global market conditions, ex-post analysis of PMC expenditures from a sample of completed projects, and consultations with stakeholders. The proposed approach also seeks to ensure partners operate in a transparent, efficient and partnership-oriented manner, recognizing that well-resourced entities are generally better positioned to manage fiduciary, implementation and reporting obligations in a cost-effective manner.

56. The documentation thresholds for non-grant instruments are set lower than those for grants, requiring a larger proportion of projects involving non-grant instruments to submit detailed documentation. This is because non-grant instruments may allow cost recovery through financial returns and therefore require a more robust assessment of PMC needs to reduce the risk of cross-subsidy.

57. The proposed policy maintains that GCF may share PMC with co-financiers from zero up to the proportion of GCF financing, except when sovereign or sub-sovereign co-financing is involved as stated in section 4.1. The Secretariat will also have the authority to reject any proposed PMC that is deemed excessive or not adhering to the principles outlined in the policy.

5.3 Alignment with existing policy governance arrangements

58. The proposed policy is designed to align with the governance approach established under the existing Policy on Fees, as reflected in Board decision B.19/09. Under this framework, the Board sets the overarching policy parameters, while the Secretariat is authorized to manage technical and operational matters within those parameters.

59. Specifically, the Board retains authority over the policy framework, including the approval of core principles and objectives. The Secretariat, under the direction of the Executive Director, is empowered to make technical updates and adjustments to operational parameters – such as documentation thresholds, eligible expense categories, and limits applicable to IAEs – through the issuance of supplementary documents and guidance. This delegation is in line with the existing approach in which the Secretariat negotiates, reviews, and approves fees and PMC in accordance with Board-approved policy.

60. To ensure transparency and accountability, the Secretariat will consult relevant stakeholders prior to making substantive updates and will report annually to the Board on the implementation of the policy, including any changes to operational parameters.

61. This approach is intended to provide flexibility for responding to diverse operating contexts, while maintaining robust Board oversight and clear boundaries between policy and implementation guidance.

VI. Implementation arrangements

6.1 Effectiveness

62. If approved, the proposed policy will come into effect for all projects, programmes, PPF applications and readiness proposals approved after 1 February 2027, allowing the Secretariat to complete the necessary guidance, processes and templates for its effective implementation and align with periodic updates to the Standard Conditions.¹⁸

63. During the transition phase, from date of approval to date of effectiveness, the Secretariat will prepare guidance detailing the internal procedures, as well as the additional implementation documents necessary for policy implementation, including:

- (a) The budget reporting templates for funding proposals, PPF applications and readiness proposals;
- (b) The budget approach document that outlines the expenses covered by PMC, expected line items in PMC budgets and acceptable ranges for such items, as applicable for funded activities, readiness proposals and PPF applications; and
- (c) Internal negotiation guidance for project teams undertaking negotiations on PMC and overseeing implementation of the funded activities.

64. During the transition period, the Secretariat will also conduct webinars and learning sessions to help AEs and delivery partners to understand the new requirements.

65. Any projects, programmes, PPF applications or readiness proposals approved after the date of effectiveness will be required to comply with the proposed policy. Proposals approved

¹⁸ The Standard Conditions comprise terms and conditions generally applicable to all financing for projects made available by GCF. For more information, see www.greencimate.fund/document/standard-conditions-projects.

before this date will continue to comply with the regulations established in their respective legal agreements.

6.2 Measures for effective implementation

66. To support AEs in preparing their PMC budgets, the Secretariat will provide a budget approach document that sets out the line items expected to be included in PMC, acceptable ranges for each and their expected proportions within the overall PMC budget. It will also identify the PMC limits for IAE projects. PMC will be subject to regular oversights and monitoring during implementation. The proposed policy also requires the Secretariat to report to the Board on the total PMC amounts committed each year.

67. To ensure that DAEs are not disadvantaged under the proposed policy, the Secretariat's project teams will receive guidance and training on the expenses covered by PMC, negotiation of PMC and acceptable documentation for PMC above the documentation thresholds, with consideration of the contexts of partners. The budget approach document produced by the Secretariat will aid DAEs by giving clearer guidance on what GCF expects from PMC, including what may justify costs over the documentation thresholds, especially for DAEs and those implementing projects in SIDS and LDCs.

68. The Secretariat will provide guidance and training for its staff in regional departments to ensure consistent application of the policy while appropriately considering project context. In addition, data systems and standard operating procedures for funding proposals, readiness proposals and PPF applications will be updated as needed.

69. The Secretariat will engage with stakeholders to solicit feedback and suggestions to inform future updates to the documentation thresholds applicable to DAEs, the list of expenses covered by PMC and the budget approach document.

VII. Budgetary implications

70. By aligning more closely with the actual expenses incurred by partners, the proposed policy would enhance the flexibility and responsiveness of the GCF approach to PMC. As the line items will be labelled within the PMC budget, the Secretariat will be able to track expenses throughout the implementation of the proposed policy and compare them against previous AE fee and PMC percentages. This approach supports more accurate and accountable allocation of resources. The Secretariat will work with the Trustee – which currently tracks AE fees – to align metrics for reporting to the Board. If requested by the Board, the Secretariat, in its multi-year work programmes, could set annual targets for total PMC committed as a percentage of total project financing for funding proposals or disaggregated by project size, entity type or financial instrument as appropriate. The reporting on the annual targets would provide transparency to the Board and support the Secretariat in determining whether adjustments to the budget approach, PMC limits applicable to IAEs and the documentation thresholds are needed.

VIII. Monitoring and review

71. The Secretariat will report annually to the Board on the total PMC disaggregated by relevant parameters, consistent with the existing approach in which the Trustee reports total AE fees. The Secretariat may periodically review the policy and recommend updates to the Board to ensure its continued fitness for purpose, in consultation with partners.

IX. Recommended action by the Board

72. The Secretariat recommends that the Board adopt the decision contained in annex I to this document.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.45/18/Rev.01 titled “Revisions to the Policy on Fees” and its addenda:

- (a) Adopts the revised Policy on Fees contained in annex II and replaces the Policy on Fees as set out in annex VIII of decision B.19/09 and the general principles and indicative list of eligible costs covered under GCF fees and project management costs as detailed in annex IX of decision B.19/09;
- (b) Also adopts the documentation thresholds, as contained in appendix I, to implement the Policy on Fees, hereinafter to be amended by the Executive Director in a manner consistent with the Policy on Fees;
- (c) Requests the Secretariat to recommend, in its multi-year work programmes, annual targets for total project management costs committed as a percentage of total project financing for funding proposals;
- (d) Authorizes the Secretariat to make the required changes to the list of expenses covered by project management costs contained in appendix II for the implementation of GCF-funded activities, the Project Preparation Facility and the Readiness and Preparatory Support Programme; and
- (e) Decides that the policy referred to in paragraph (a) above will be made effective and apply to all funding proposals and proposals under the Project Preparation Facility and the Readiness and Preparatory Support Programme approved on or after 1 February 2027.

Annex II: Policy on Fees

I. Objective and scope

1. This Policy on Fees (“Policy”) shall guide the determination and structure of project management costs (“PMC”) (as defined below).
2. The Policy applies to all Projects (as defined below) approved following the date of its effectiveness. For the avoidance of doubt, the Policy does not apply to services procured by GCF on behalf of Partners in relation to the Readiness and Preparatory Support Programme or the Project Preparation Facility.

II. Definitions

3. In this Policy, capitalized terms have the following meanings unless the context requires otherwise:
 - (a) **Accredited Entities** or **AEs** means entities accredited by GCF to implement Projects, including direct access entities (“DAEs”), international access entities (“IAEs”), and entities accredited under the project-specific assessment approach;
 - (b) **Co-financing** has the meaning given in the Policy on Cofinancing;¹
 - (c) **Core Costs** refers to the costs incurred by a Partner in the normal course of its operations to implement Projects. Where a Partner, under its policies and procedures, would ordinarily incur costs to implement Projects, the Partner is expected to finance such costs from its own resources;
 - (d) **Partners** means AEs or Readiness Partners;
 - (e) **Projects** means all funded activities (including all projects and programmes), readiness and PPF activities, except services procured by GCF on behalf of Partners under the Readiness and Preparatory Support Programme or the Project Preparation Facility;
 - (f) **Project Management Costs** or **PMC** means the costs incurred to implement a Project, including the costs of operating the project management unit (“PMU”), supervising the Project, managing the GCF proceeds, and implementing the Project in a manner consistent with the GCF policies and standards. PMC will be incorporated into the budget of the relevant Project;
 - (g) **Project Preparation Facility** or **PPF** supports AEs in project and programme preparation, and in the development of funding proposals to be submitted to GCF;
 - (h) **Readiness and Preparatory Support Programme** or **Readiness Programme** supports country-driven initiatives to strengthen institutional capacities, governance mechanisms, and planning and programming frameworks towards a transformational long-term climate action agenda; and
 - (i) **Readiness Partners** means entities, which have been designated by a country’s national designated authority to implement readiness activities for the country, which may include AEs or the country itself.

¹ The Policy on Co-financing, approved through decision B.24/14, defines co-financing as the financial resources required, whether public finance or private finance, in addition to the GCF proceeds, to implement the funded activity for which a funding proposal has been submitted.

III. Principles

4. All estimates of total PMC are subject to negotiation between the Partners and the Secretariat, based on the following principles:
 - (a) Estimates of PMC will be presented as a separate section in the Project budget;
 - (b) The PMC budget will be built from the bottom up based on an itemized list of expenses;
 - (c) Estimated expenses will reflect the costs expected to be incurred, including all expenses necessary to implement the Project in a manner consistent with GCF policies and standards;
 - (d) Estimated expenses will be based on the needs of the Project and not on expenses incurred in previous Projects;
 - (e) Estimated expenses will be aligned with the list of expenses covered by PMC in appendix II, and a budget approach document to be published by GCF and updated periodically; and
 - (f) For Partners with more than one approved Project with GCF, the PMC generally should be lower for subsequent Projects than for the first Project, owing to fixed costs and economies of scale for supervision and oversight, recognizing that such economies of scale may be more difficult to achieve for DAEs.
5. Expenses included in the PMC will clearly distinguish between those intended for Project implementation by an executing entity or implementation unit and those intended for Project supervision by the Partner. Partners serving both roles should establish appropriate institutional arrangements and clear lines of responsibilities and accountabilities to keep these functions separate.
6. Monitoring of project indicators, periodic monitoring reports, and generation and collection of evaluative data for the Project will be included as a separate line item or activity in the Project budget and not included in the PMC budget.
7. The Partner will be responsible for reporting to GCF on the expenditure of PMC during implementation.
8. Partners are required to submit detailed documentation evidencing that the cost estimates are reasonable given the country context or implementation needs of the Project, except for PMC requests below the specified documentation thresholds set out in appendix I. Projects in contexts that often require additional costs (i.e. Projects implemented by DAEs and Projects in small island developing States, least developed countries and African states) will receive incremental adjustments to these thresholds.
9. For IAEs, PMC will be subject to limits, which will be above the documentation thresholds, in terms of total US dollar-equivalent laid out in the budget approach document. The Secretariat will determine the limits, considering global market conditions, data from completed Projects, and input from consultations with IAEs and relevant stakeholders.
10. In accordance with appendix II, the share of PMC to be paid by GCF will be negotiated between GCF and the Partner based on the following principles:
 - (a) The PMC paid by GCF will not duplicate other funding provided by GCF, including management fees paid to private sector funds;
 - (b) In Projects with Co-financing, the GCF share of PMC, if any, should not exceed the proportion of the financing requested from GCF relative to the total Project cost (excluding PMC), except that where a Project envisages Co-financing from sovereign or

sub-sovereign sources, such Co-financing shall, for the purposes of calculating the GCF share of PMC, be deemed to be provided by GCF. With respect to any other Co-financing, GCF may pay a share of PMC from zero up to the proportion of GCF financing relative to total Project cost;

- (c) The share of PMC paid by GCF and Partners will be based on the needs of the Project and not on the share agreed in any previous Projects; and
 - (d) GCF should pay the incremental expenses incurred by the Partner to meet GCF policies and standards, but not activities that are part of the Partner's Core Costs.
11. Where an expense is required by GCF policy and would not normally be undertaken by the AE in its own projects, the costs of such expense may be included in the PMC, subject to compliance with the eligibility criteria for expenditures set out in this Policy.
 12. Agreed PMC, if paid by GCF, will be paid as part of GCF proceeds according to the schedule in the funded activity agreement or relevant legal agreement and based on actual costs incurred, up to the limits agreed in such agreement.
 13. The PMC may include requests for resources associated with activities related to the implementation of the Project's gender action plan, as well as the Project's safeguards instruments relating to Indigenous Peoples, environmental and social standards, and sexual exploitation, abuse and harassment, provided that such requests are consistent with the list of expenses covered by PMC in appendix II and do not duplicate items already included elsewhere in the Project budget.
 14. The costs of Project activities and data collection as well as any contingency costs associated with these activities should be incorporated within the overall project budget.

IV. Roles and responsibilities

15. The Secretariat will develop the necessary documents for the implementation of the Policy, including a budget approach document (which will explain the documentation thresholds, the PMC limits applicable to IAEs and the expenses covered by PMC) and a guidance document for internal procedures regarding PMC, with the objective of enhancing clarity, consistency and transparency in budget preparation.
16. Partners will submit detailed estimates of PMC to the Secretariat as part of their Project proposal. They will also provide justification to support these estimates as requested by the Secretariat.
17. The Secretariat will review and negotiate all estimates of PMC in conjunction with the Project proposal. These reviews will compare estimates against the budget approach document published by the Secretariat. The Secretariat may reject any estimate it deems excessive or not adhering to the principles outlined in the Policy.
18. The Secretariat will be responsible for approving PMC for Readiness Programme and PPF. For funded activities, the Secretariat will be responsible for recommending PMC for inclusion in the funding proposal package submitted for Board approval. The funding proposal package (including the reviewed and negotiated PMC) will subsequently be presented to the Board for consideration through the funding proposal approval process.

4.1 Duties of Partners

19. Partners have overall responsibility, in accordance with applicable policies and standards, for managing, implementing and supervising GCF-financed activities; administering GCF proceeds, including disbursement; procurement oversight; financial management; making audit arrangements; and managing other third parties (including executing entities) as well as the PMU. Partners are responsible for ensuring an appropriate allocation of PMC budget between the Partner and such third parties based on estimated expenses. Partners are expected to provide detailed estimates of these expenses in the Project budget, distinguishing between expenses to be incurred by the Partner and those to be incurred by such third parties. Partners should balance supervision and implementation needs while ensuring that such third parties are adequately resourced. Engaging relevant third parties in budget planning discussions can support more accurate PMC estimates and promote a fair and transparent approach to resource allocation. Partners are also responsible for Project completion, financial closure and submission of all relevant reports in accordance with applicable legal agreements.

4.2 Duties of entities executing Projects

20. Partners may channel GCF proceeds through any other third parties (including executing entities) to carry out all or part of a Project. These third parties operate under the overall guidance, management or supervision of a Partner, which may also assume a project management or execution role where appropriate.

21. Across the Project cycle, executing entities or any other third parties, as applicable, are responsible for implementing assigned Projects in accordance with the approved scope, budget and terms agreed with the Partner. This includes managing day-to-day operational activities, contractors and local stakeholders; ensuring that GCF proceeds are used strictly for approved Project implementation purposes; and collecting data and providing technical and financial inputs to support monitoring, reporting and evaluation. Such entities are to report on progress, expenditures, risks and implementation challenges in line with the contractual, fiduciary and results management requirements applicable to the Projects.

22. In cases where the Partner performs execution roles, the Partner must clearly distinguish between its responsibilities as a Partner (i.e. accountability, oversight, supervision and reporting to GCF) and executing responsibilities. Partners will establish appropriate institutional arrangements and clear lines of responsibility and accountability to keep the functions separate, while not duplicating expenses to the extent practicable.

V. Implementation arrangements

23. The Policy will apply to all Projects approved after 1 February 2027.

24. The documentation thresholds applicable to DAEs and list of expenses covered by PMC will be based on appendix I and appendix II.

25. Prior to the date of effectiveness of the Policy, the Secretariat will produce the necessary documents for policy implementation, including:

- (a) Budget reporting templates for Projects to support the requirements of this Policy;
- (b) A budget approach document that outlines the expenses covered by PMC, the PMC limits applicable to IAEs, the expected line items in PMC budgets (with a clear delineation of cost items between Partners and entities executing the Projects or PMU, and acceptable

- ranges for such items, including guidance on what may justify costs over the threshold, as applicable for the relevant Projects; and
- (c) Internal guidance for project teams undertaking negotiations on PMC and overseeing implementation of the Projects.
26. To support the reduction of administrative burden and improve budget transparency and consistency, the budget approach document will also provide guidance on appropriate justification for PMC exceeding the applicable thresholds, as well as for specific incremental costs arising from GCF requirements.
27. The Secretariat will provide the necessary guidance and training for its staff to implement the Policy, including:
- (a) Updating data systems and standard operating procedures for the Projects as needed; and
- (b) Guidance and training for regional project teams on expenses covered by PMC, negotiation of PMC and acceptable documentation for PMC above the threshold, taking into account the respective contexts of Partners.
28. The Secretariat will also conduct learning sessions to help Partners understand the new requirements.
29. The Secretariat will ensure that Partners and other relevant stakeholders are informed and appropriately engaged during the preparation and implementation of these arrangements.

VI. Monitoring and review

30. The Secretariat will monitor the implementation of this Policy and report to the Board annually against metrics and targets set in its multi-year work programme.
31. The Secretariat may review the Policy periodically and make recommendations to the Board to update the Policy as necessary to ensure its continued fit for purpose. The Secretariat will inform Partners and seek feedback prior to making any adjustments to the Policy.

Appendix I: Documentation thresholds

This appendix defines the documentation thresholds below which an AE or Readiness Partner would be exempt from submitting detailed documentation. A Project's threshold for detailed documentation will be set at either (a) the appropriate PMC as a percentage of total Project financing, as shown in table 1 below, or (b) the maximum PMC under the next lowest category, whichever is greater.¹

Table 1: Documentation thresholds based on project management costs

Documentation thresholds (as percentages of total project financing)		
Total Project financing	Grants	Non-grants
< USD 10 million	12%	8.5%
USD 10–49.9 million	9%	7%
USD 50–99.9 million	7%	5%
USD 100–149.9 million	5%	4%
USD 150–199.9 million	4%	3%
USD 200–249.9 million	3%	2%
> USD 250 million	2%	1%

1. PMC that, when expressed as a percentage of the total Project financing, exceed the applicable threshold in table 1 above will require detailed documentation supporting the entire PMC for the Project. The Secretariat may accept PMC above these thresholds if justified given the country context or implementation needs of the Project.

2. Incremental adjustments to thresholds will be applied for DAEs and other contexts as set out in Table 2: below.

Table 2: Incremental adjustments to thresholds for project management costs

Category	Incremental adjustment
Direct access entities ^a	+ 1.0%
Projects in small island developing States, the least developed countries and African States	+ 0.5%

^a For the Readiness Programme, "direct access entities" include, where applicable, the country itself, government entities and other national entities nominated by the national designated authority.

3. These incremental adjustments will be added to the base documentation threshold.²

4. The documentation thresholds and incremental adjustments to these thresholds may be amended by the Executive Director in a manner consistent with the Policy.

¹ For example, for a USD 51 million grant, the threshold would be USD 4.5 million (9 per cent of USD 50 million) and not USD 3.57 million (7 per cent of USD 51 million).

² For example, the threshold for a USD 9.9 million grant project in a small island developing State to be implemented by a DAE would be 13.5 per cent = 12 per cent base + 1 per cent DAE adjustment + 0.5 per cent small island developing State adjustment.

5. The detailed documentation, where required from AEs, should demonstrate that costs are necessary and prudent under the relevant circumstances, and in line with industry standards and benchmarks through evidence such as, but not limited to, market comparisons for similar goods and services, historical data from comparable projects, and/or third-party validations, as appropriate. In fragile and conflict-affected contexts, evidence of fragility or conflict-related conditions can be used to justify higher or additional expenses that would not be needed in other contexts.

Appendix II: List of expenses covered by project management costs

1. This appendix sets out the expenses eligible for inclusion in the total PMC in accordance with the Policy.
2. The list below provides an illustration of the project management activities and costs that can be included under PMC unless already covered under activity-level budgets in funding proposals, Readiness proposals or PPF applications. These expenses will be shared in accordance with the principles outlined in the Policy. This list will be further detailed through a budget approach document to be published by the Secretariat.
3. The PMC budget may include contingency costs of up to 5 per cent of the total PMC budget. This is not subject to increase and does not imply a commitment to fund all contingent costs.
4. In accordance with the Policy, the Executive Director may introduce unforeseen expense categories as necessary, including sub-items under proposed categories, and for the efficient and effective conduct of GCF business; however, the existing categories may not be modified.
5. Project management activities:
 - (a) Implementation level:
 - (i) Staffing and consultants for the project management unit, including project managers, assistants, finance procurement and support personnel;
 - (ii) Tracking and monitoring of project costs and deliverables against the plan (operational level);
 - (iii) Maintenance of knowledge and records management system;
 - (iv) Support to project steering committee, project board or equivalent body;
 - (v) Mission-related travel of project management unit;
 - (vi) Provision of information necessary to conduct audits;
 - (vii) Preparation of annual project workplans, programmes and budgets, including related analysis and reporting;
 - (viii) Preparation of procurement plans;
 - (ix) Other direct costs, such as office equipment and information technology systems; and
 - (x) Hardware, software and office supplies for the project management unit;
 - (b) Oversight and accountability:
 - (i) Preparation and submission of withdrawal requests for disbursement;
 - (ii) Payment of transfer fees and bank charges incurred in relation to the GCF account and transfers of funds to GCF;
 - (iii) Preparation of progress reports, including annual performance reports or similar, and financial management reports; and
 - (iv) Preparation of the terms of reference and procurement packages (technical drafting);

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- (c) Project supervision:
- (i) Activities to assist and advise on the project proponent during the establishment of the project management unit and incorporation of entities in the recipient country or countries;
 - (ii) Activities to assist the project management unit to draft terms of reference and advise on the selection of experts for implementation;
 - (iii) Advice on and participation in project start-up workshops;
 - (iv) Conduct at least one supervision mission per year, including briefing operational focal points on project progress (as necessary, technical consultants may be included during supervision missions to advise government officials on technical matters and provide technical assistance for the project);
 - (v) Provision of technical guidance, as necessary, for project implementation;
 - (vi) Oversee procurement and financial management to ensure that implementation is in line with applicable requirements;
 - (vii) Disbursal of funds as applicable and review of financial reports;
 - (viii) Activities to assist with and oversee the audit process throughout the project life cycle; and
 - (ix) Monitoring and reviewing of project expenditure reports, including preparing periodic revisions to reflect changes in annual expense category budgets;
6. Performance monitoring and reporting:
- (a) Performance reports against the logical framework and the requirements set out in the approved project and relevant GCF policies, disaggregated by gender; and
 - (b) Project closing documents and completion report;
7. Financial monitoring and reporting:
- (a) Financial reports containing the information required in respect of the project; and
 - (b) Financial closure documents;
8. Evaluation:
- (a) Relevant evaluation reports in accordance with the relevant GCF policies and results management frameworks; and
 - (b) Management responses and action plans.
9. Project activities and costs not covered under PMC:
- (a) Costs of salaries and benefits of seconded staff to the project management unit, unless pre-approved by GCF;
 - (b) Costs of salaries and fees for partner staff conducting project supervision roles;
 - (c) Budgeted costs under general classifications such as “miscellaneous” or “unspecified”;
 - (d) Travel costs associated with business-class flights and accommodation in hotels rated four star or above, unless required for lack of safe alternatives;
 - (e) Monitoring of project indicators and periodic monitoring reports, including generation and collection of evaluative data for the project, to be budgeted under the measurement and evaluation budget and reported as a separate line item in the project costs; and



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- (f) Activities generating measurable outputs, which should be included in the main Project budget.
