

GREEN
CLIMATE
FUND

Technical session:

Revised Policy on Fees

2 June 2026

| GCF.10 |

| 10 YEARS OF CLIMATE IMPACT |

Policy on Fees: Today's agenda

1. Overview of feedback received in previous consultations
2. Description of latest draft proposal and changes from previous version
3. Question and answer period

Primary goal of today's session is to listen to your feedback

01

Revised Policy on Fees:

Overview of previous consultations

Policy on Fees: Previous consultations with AEs & NDAs

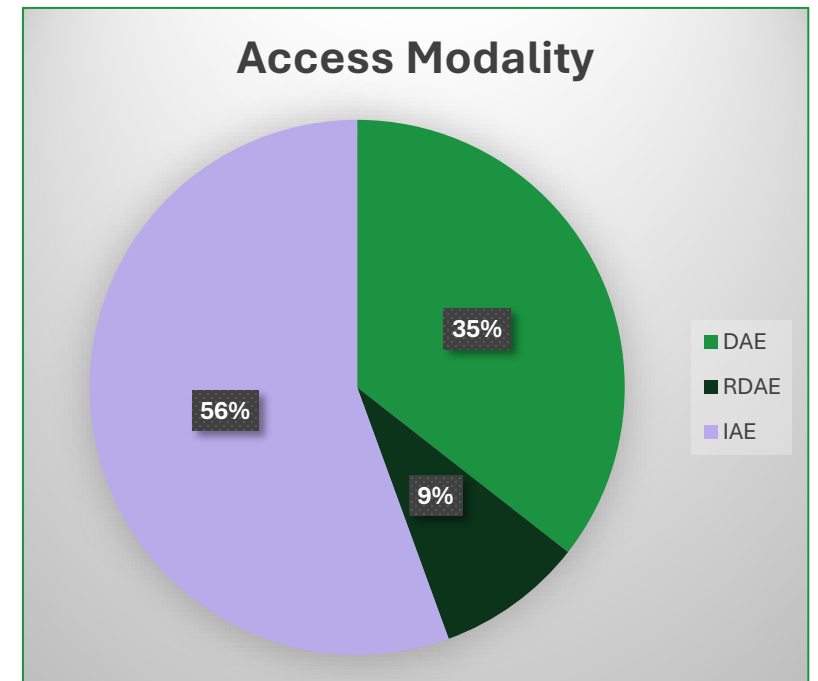
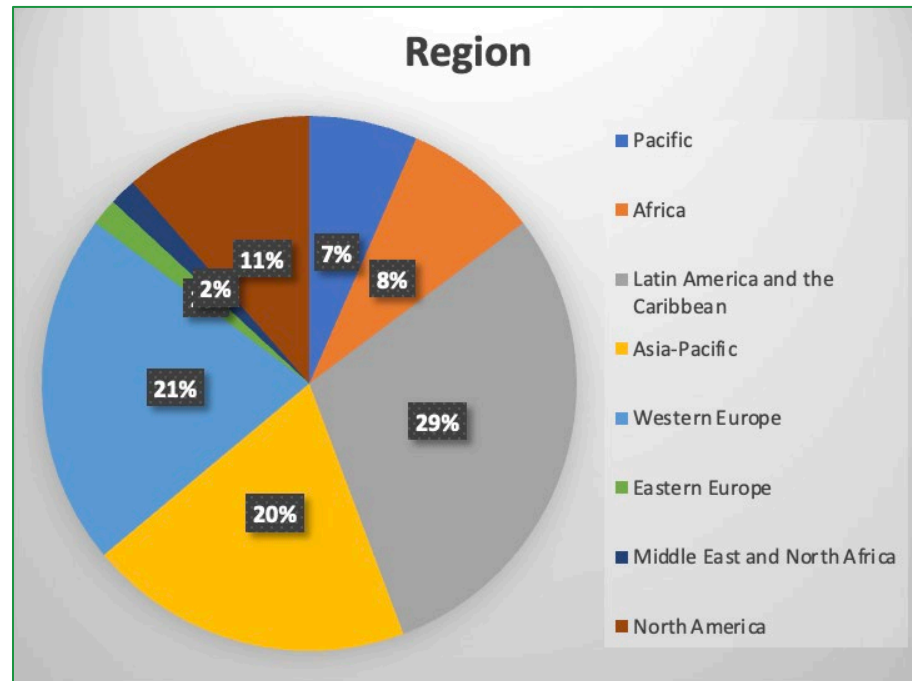
Respondents providing written comments, Dec 2025 – Jan 2026

Written responses :

- 23 Dec 2025 – 26 Jan 2026
- 61 responses

Online technical sessions:

- 13 Jan 2026 - 91 unique attendees
- 2 June 2026 – around 100 attendees across two sessions



Latest draft circulated to Board, AEs and NDAs on 26 May 2026

Policy on Fees: Previous consultations with Board

Written responses

- 23 December 2025 – 26 January 2026

Online technical session

- 5 February 2026

Informal consultation during B.44

- 24 March 2026

Key Themes Emerging from Board Consultations:

- PMC thresholds justification and recalibration
- Transparency, governance & Board oversight
- Differentiated treatment for IAEs/DAEs
- Sustainability, safeguards & negotiations capacity concerns for DAEs
- Co-financing and proportionality

02

Revised Policy on Fees:

Description of latest draft proposal and changes from previous version

Policy on Fees: Changes in the latest draft

Enhancing responsiveness to diverse contexts

- Greater flexibility for DAEs with project management cost (PMC) thresholds instead of caps
- Incremental adjustments to documentation thresholds for projects in SIDS and LDCs
- Inclusion of reasonable contingency in PMC budgets
- GCF to cover PMC for sovereign/sub-sovereign co-financiers
- Greater clarity on duties under the policy for AEs/delivery partners and EEs/project management units

Policy on Fees: Changes in the latest draft

Promoting effective use of resources

- PMC budgets to be built from bottom up based on needs of project
- IAEs subject to dollar-based limits on PMC, to be outlined in budget approach document and updated regularly based on global market conditions
- Documentation thresholds lower for non-grants

Alignment with existing policy governance arrangements

- Board retains authority over core principles and objectives
- Secretariat can make technical updates and operational adjustments through supplementary guidance, following consultation with stakeholders

Policy on Fees: Proposed general approach to PMC

How much should be paid for PMC?	What share of PMC will GCF pay?
<p data-bbox="114 325 1200 429">Partner estimates PMC in a dedicated project budget section, approved by GCF:</p> <ul data-bbox="114 454 1159 1163" style="list-style-type: none">• Built bottom-up from itemized expenses• Reflects expected Partner costs• Based on project needs, not prior PMC amounts• Aligned with eligible expense list and budget approach• No duplication with management fee expenses• PMC above thresholds requires additional documentation on context or implementation needs• Partner reports PMC expenditure to GCF during implementation	<p data-bbox="1268 325 2364 429">Negotiated between GCF and Partner based on these principles:</p> <ul data-bbox="1268 454 2372 1078" style="list-style-type: none">• GCF-paid PMC will not duplicate other GCF funding, including management fees• In co-financed projects, PMC are shared with co-financiers (except sovereigns/sub-sovereigns)• GCF may fund a share of PMC from zero up to the proportion of GCF financing relative to total project cost• Based on project needs, not prior agreements• GCF covers incremental AE expenses for GCF compliance, not AE core business activities.

Policy on Fees: Approach to setting PMC thresholds

Differentiated documentation thresholds:

- Grant-funded PMC higher than non-grant funded
- Both DAEs and IAEs subject to thresholds
- IAEs subject to overall limits on PMC to be laid out in budget approach document

Total financing	Proposed thresholds	
	Grants only	Reimbursable grants, loans, equity or guarantees
< USD 10M	12%	8.5%
USD 10 - 49.999M	9%	7%
USD 50 - 99.999M	7%	5%
USD 100 - 149.999M	5%	4%
USD 150 - 199.999M	4%	3%
USD 200 - 249.999M	3%	2%
> USD 250M	2%	1%

Adjustments by context:

- Projects with DAEs (+1%)
- Projects in SIDS and LDCs (+0.5%)

Example: Grant-funded FP in DAE and LDC Total project size: \$50,000,000		
	Without adjustment	With adjustment
Applicable threshold	Base PMC threshold = 7%	Adjusted PMC threshold = 8.5% 7% +1% +0.5%
Estimated PMC submitted	USD 3.900 M (7.8%)	USD 3.900 M (7.8%)
Requirement	Above threshold; additional documentation needed	Below threshold; no additional documentation needed; Only standard budget document to be submitted

Policy on Fees: Next steps

- Written comments via survey form/email accepted until 5 June 2026
- Feedback and comments provided today and in writing will inform the updated version of the Policy
- Revised Policy on Fees has been included in provisional agenda for B.45, 29 June – 2 July
- If approved, revised policy would take effect in February 2027



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