



Agenda Item 21



# GCF regional presence feasibility study

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Thirty-seventh Meeting of the Board

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## Mandate for feasibility study



The mandate for the study is outlined in Board decision B.36/15 :

- (a) Decides** to approve the terms of reference for the feasibility study in section II of document GCF/B.36/06 to further examine options for establishing a GCF regional presence in line with decision B.30/06, paragraph (k);
- (b) Approves** an additional budget allocation of USD 100,000 to be made available for the feasibility study; and
- (c) Requests** the Secretariat to submit the outcomes of the above-mentioned feasibility study for the Board's consideration at its thirty-seventh meeting to facilitate a decision on the needs and feasibility of the establishment of a GCF regional presence.

# Terms of reference: deliver feasibility study to further examine options for a GCF regional presence



## a. Examine multiple options for a regional presence, including but not limited to the following models:

- a) Regional outposts
- b) Regional networks
- c) Regional offices with decentralized programming and liaison related decision making

## b. Assess feasibility of options within a set of parameters for assessment and rank by feasibility and level of costs:

- a) Effectiveness
- b) Efficiency
- c) Minimise complexity
- d) Promote collaboration
- e) Minimise the costs of implementation
- f) Field feedback

## Timeline



1. **July 10 – 13**: The Board approved the terms of reference for a feasibility study on GCF regional presence.
2. **July 31**: Dalberg Advisors were selected after an international and competitive procurement process.
3. **August 04 – September 27**: Feasibility study undertaken.
4. **October 2**: GCF/B.37/Inf.13 published including the completed feasibility study as annex I.

## Scope and function of the study



- The study is a feasibility tool further to decision B.36/15 for the Board to aid its consideration of the issue of regional presence.
- The consultants completed their work on 27 September and will now present their key findings to the Board.
- The Secretariat will assess the findings and plans to present its views at the B.38 meeting in order to complete this mandate.



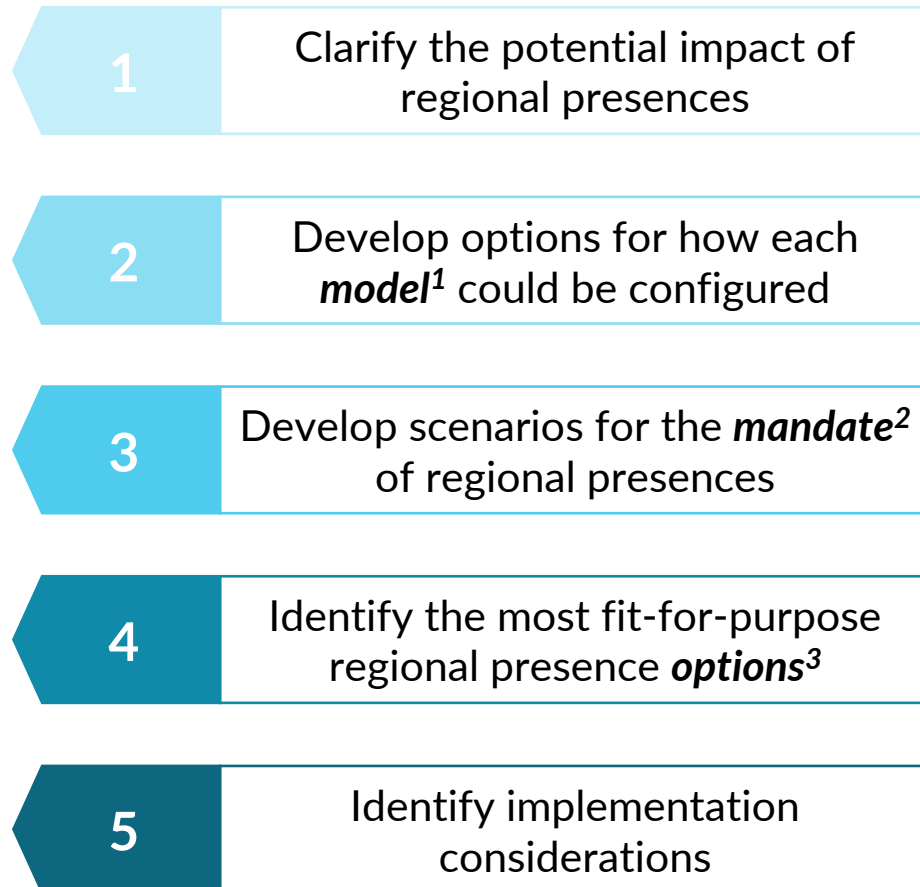
# Green Climate Fund Regional Presence Feasibility Study

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GCF BOARD MEETING - OCTOBER 2023

# Dalberg conducted this feasibility study following a five-step approach and using a mix of analytical tools

The study takes a 5-step approach...



...and uses multiple analytical tools

- Review of available GCF strategy documentation and reviews
- Review of GCF portfolio and pipeline data
- Benchmark analysis of 12 similar organisations
- Interviews with 13 Secretariat staff
- Interviews with 5 NDAs , and 2 benchmark organisations
- Assessment of regional presence options against the criteria outlined in the ToR
- Cost-benefit analysis of the highest ranked options
- Workshop with GCF unit heads

(1) **Models** determine the operational arrangements for how a regional presence functions; (2) **Mandates** determine the activities delivered by the regional presence and expected results of a regional presence; (3) **Options** are the result of different configurations of the three mandates and three operational models

# The study is grounded in three regional presence models, as articulated in the ToRs

## ToRs models

## Extracts from ToRs definitions

## Additional operational differences applied in the study



Processes are governed and managed centrally, and seconded individuals provide a limited range of activities to support programming efforts

- Individuals are seconded to a partner organization and report to the relevant Secretariat's divisions
- No GCF legal presence
- No delegation of authority



Processes are governed and managed centrally, and regional presence acts in support of those processes

- GCF establishes a multifunctional team in regions reporting to the relevant Secretariat's divisions
- GCF establishes a legal presence in regions (e.g., independent entity or hosted by a partner organization)
- No delegation of authority



Decentralized programming and liaison related decision making. Processes and personnel concerning programming are in regional offices

- GCF establishes a multifunctional team reporting to a senior person in the region, who reports to heads of Secretariat divisions
- GCF establishes a legal presence in regions
- Delegation of authority on operational programming decisions; strategic planning decisions remain with the Secretariat



# In the absence of a pre-established mandate, this study considers three different scenarios

## Mandate scenarios

### Potential activities for a Regional Presence mandate

		Engagement mandate	Early-stage programming mandate	Full programme support mandate
Accreditation	Support NDAs to identify private sector AEs and DAEs	✓	✓	✓
	Support AEs in the accreditation process	✗	✓	✓
Readiness	Support stakeholders in developing high-quality proposals and applying for readiness support	✗	✓	✓
	Support stakeholders and the Secretariat during the review dialogue	✗	✓	✓
Project origination	Support partners in developing and submitting consistent and strategically aligned CNs	✗	✓	✓
	Facilitate consultation of different stakeholders' groups, e.g., CSO	✗	✓	✓
	Support partners and the Secretariat during the concept notes review dialogue	✗	✓	✓
Project development	Support partners and capacity building in designing specific proposal sections (e.g., social safeguards, gender mainstreaming, etc.)	✗	✗	✓
	Conduct the initial review of proposals before submission to CIC2	✗	✗	✓
	Support AEs and the Secretariat during the proposals review dialogue	✗	✗	✓
Project implementation	Regularly review project performance and AEs' compliance	✗	✗	✓
	Collect and share project learnings across regions and with the Secretariat	✗	✗	✓
	Support AEs and the Secretariat in adaptive management	✗	✗	✓
In country - engagement	Collect and share intelligence on local context and country needs across GCF teams	✗	✓	✓
	Act as stakeholder convener to forge new partnerships and enhance country ownership	✓	✗	✓
	Provide oversight in establishing innovation ecosystems	✓	✗	✓

# The study identified nine options by mapping the models and mandates; the impact and feasibility assessment resulted in four priority options

## Overview of the GCF regional presence options assessed

Mandate	Models		
	Regional Networks	Regional Outposts	Regional Offices
Engagement mandate	<b>Option 1:</b> Network of seconded staff that focuses on external engagement activities	<b>Option 4:</b> Hubs of GCF staff with local and regional engagement responsibilities	<b>Option 7:</b> GCF offices focusing on external engagement activities
Early-stage programming mandate	<b>Option 2:</b> Network of seconded staff that provides ad-hoc project support and expertise ( <i>closest to current model</i> )	<b>Option 5:</b> Hubs of GCF staff reporting to headquarters with multifunctional capabilities providing project programming support	<b>Option 8:</b> GCF office with a multifunctional team reporting to a Regional Head and fully dedicated to project programming support
Full programme support mandate	<b>Option 3:</b> Network of staff seconded to different organisations to provide project support and engage partners	<b>Option 6:</b> Hubs of GCF staff reporting to headquarters with multifunctional capabilities providing project programming and delivering support with local and regional engagement roles	<b>Option 9:</b> GCF office with a multifunctional team reporting to a Regional Head with multifunctional capabilities providing full project programming and delivering support with local and regional engagement roles

## Summary of feasibility assessment findings

Dalberg applied the six criteria outlined in the ToR<sup>1</sup> to assess the regional presence options resulting in the following:

- Feasibility of different models depends upon the mandate adopted
- Options based on early-stage programming and full programme support mandates ranked highest on impact criteria
- The office model is most suited to deliver more impactful mandates, while the outpost model can help address specific regional needs, e.g., SIDS
- There is no one-size-fits-all solution, and a hybrid model would be most fit-for-purpose

(1) Dalberg grouped the criteria suggested in the ToRs into impact and feasibility categories. The impact criteria include (i) effectiveness, (ii) efficiency, and (iii) field feedback. The feasibility criteria include (iv) promote collaboration, (v) minimize the costs, and (vi) minimize complexity

# Regional presences can help address operational bottlenecks; how they should be implemented will depend on specific regional needs

## Important considerations

### Regional presence models

- Regional presences can help address operational bottlenecks along the full programme cycle, thereby contributing to programmatic, operational, and institutional priorities of the USP2
- Implementing regional presences will require tailoring the presence model to regional contexts
- Defining a clear mandate for regional presences, tailored to specific regional needs, is essential to determine what regional presence option is best fit-for-purpose

### Cost/benefits assessment

- Financial benefits of implementing regional presences may outweigh the costs in the long-run, depending on mandate, model and location
- Main driver of costs would be team size and composition
- Initial setup costs and ongoing operational costs could be counter-balanced by savings in travel costs, efficiency gains, and potentially in lower staffing costs

# Annex

*Additional pages for potential technical  
questions – not to be presented*

# Assessment: we assessed the 9 options (3 mandates x 3 models) based on the impact and feasibility criteria and the sub-criteria scoring

	Criteria	Sub-criteria
Impact	<b>Effectiveness:</b> Align project cycle outcomes with USP goals	Increase in ability to build an AE portfolio with capabilities matching USP goals
		Increase in quality and targeting of readiness proposals
		Increase in volume of high-quality concept notes and funding proposals for bankable projects
	<b>Efficiency:</b> Reduce time lags in core business functions	Reduction in iteration time for accreditation reviews
		Reduction in iteration time for readiness proposals reviews
		Increase in speed and efficiency of originating bankable projects
Field feedback: Improve programme management	Reduction in iteration time for FP reviews/appraisals	
	Reduction in iteration time for project reporting and management	
	Increase in ability to de-risk portfolios through closer risk and adaptive management	
Feasibility	<b>Collaboration:</b> ensure collaborative working across the Secretariat and regional stakeholders	Increase in ability to collect and share data on portfolio performance, lessons, and impact
		<b>External:</b> Increase local stakeholders' understanding of GCF processes and requirements to access resources
		<b>External:</b> Improve collaboration and process responsiveness with regional and country stakeholders
		<b>External:</b> Increase visibility and presence in regional and country networks
		<b>External:</b> Increased ability to build relationships in countries, through tailored engagement and better understanding of local contexts
	<b>Cost:</b> Minimise financial and operational cost of implementation	<b>Internal:</b> Alignment across all teams on organisational mission and regional priorities
		<b>Internal:</b> Increase the collection and sharing of knowledge across Secretariat teams
		Financial costs for set-up and operationalization
		Administrative costs to align regional presences with Secretariat policies
		Changes in reporting lines between regional staff and Secretariat teams
<b>Minimise complexity:</b> minimise changes in the management structure	Dependence of regional staff on HQ decision-making	

## Scoring system for the assessment of each option

Does the option meet the sub-criteria?

- 1 No or to a limited extent    2 Only to some extent    3 Entirely or close to entirely

# Example of option 2 impact assessment against sub-criteria

## EXAMPLE

Criteria	Sub-criteria	Option 2: Network of seconded staff that provides ad-hoc project support and expertise	
Impact	Effectiveness: Align project cycle outcomes with USP goals	Increase in ability to build an AE portfolio with capabilities matching USP goals	Direct support provided to AEs to increase the quality of accreditation applications
		Increase in quality and targeting of readiness proposals	Support to NDAs and partners in developing high-quality readiness proposals, but depth of support limited by the network model
		Increase in volume of high-quality concept notes and funding proposals for bankable projects	Support to AEs in developing high-quality CNs and FPs, but depth of support limited by the network model
	Efficiency: Reduce time lags in core business functions	Reduction in iteration time for accreditation reviews	Reduced iteration time due to higher quality applications, but limited support in the review process due to potential conflict of interest of seconded individuals
		Reduction in iteration time for readiness proposals reviews	Reduced iteration time due to higher quality readiness proposals, but limited support in the review process due to potential conflict of interest of seconded individuals
		Increase in speed and efficiency of originating bankable projects	Reduced iteration time due to higher quality CNS and FPs, but limited support in the review process due to potential conflict of interest of seconded individuals
		Reduction in iteration time for FP reviews/appraisals	Project reporting and management not included in the mandate
		Reduction in iteration time for project reporting and management	Project reporting and management not included in the mandate
	Field feedback: Improve programme management	Increase ability to de-risk portfolios through closer risk and adaptive management	Project reporting and management not included in the mandate
		Increase in ability to collect and share data on portfolio performance, lessons, and impact	Project reporting and management not included in the mandate

### Scoring system for the assessment of each option

Does the option meet the sub-criteria?

- 1 No or to a limited extent    2 Only to some extent    3 Entirely or close to entirely

# Example of option 2 feasibility assessment against sub-criteria

## EXAMPLE

Criteria	Sub-criteria	Option 2: Network of seconded staff that provides ad-hoc project support and expertise	
Feasibility	<b>Collaboration:</b> ensure collaborative working across the Secretariat and regional stakeholders  <b>External:</b> Increase local stakeholders' understanding of GCF processes and requirements to access resources <b>External:</b> Improve collaboration and process responsiveness with regional and country stakeholders <b>External:</b> Increase visibility and presence in regional and country networks  <b>External:</b> Increased ability to build relationships in countries, through tailored engagement and better understanding of local contexts <b>Internal:</b> Alignment across all teams on organisational mission and regional priorities <b>Internal:</b> Increase the collection and sharing of knowledge across Secretariat teams	Ad hoc support provided will enhance stakeholders' understanding of GCF processes and requirements and partnership opportunities	
		Limited support in the review process due to potential conflict of interest of seconded individuals	
		Improve the visibility of the GCF through ad hoc support to stakeholders, although strengthening the convening role of the GCF is not part of the mandate	
		Seconded individuals may identify new partnership opportunities for the GCF, but will not proactively engage with new stakeholders as this is not part of their mandate	
		Seconded individuals external to GCF	
		Seconded individuals external to GCF	
	<b>Cost:</b> Minimise financial and operational cost of implementation	Financial costs for set-up and operationalization	Only individual compensation, no other secondary costs such as transition or operational cost
		Administrative costs to align regional presences with Secretariat policies	If the staff is under a GCF contract and hosted by a partner organization (as opposed to external consultants), it can be complex to obtain privileges and immunities and ensure alignment with GCF policies.
	<b>Minimise complexity:</b> minimise changes in the management structure	Changes in reporting lines between regional staff and Secretariat teams	With individuals seconded from a partner organisation there is an additional complexity with two reporting lines within the host organization and the GCF
		Dependence of regional staff on HQ decision-making	Decision-making remains at headquarters, as regional staff are not involved in any of the processes

### Scoring system for the assessment of each option

Does the option meet the sub-criteria?

- 1 No or to a limited extent      2 Only to some extent      3 Entirely or close to entirely

# The potential impact of a regional presence extends across the full programme cycle

## USP 2 objectives

## Potential impact of a regional presence

### Programmatic

Regional presences can contribute to increase quality of proposals and projects at entry by:

- Providing NDAs with targeted support in the development of readiness proposals
- Building capacity, particularly in areas that often create bottlenecks in the proposal review process
- Contributing to identify truly paradigm-shifting projects

### Operational

Regional presences can help make GCF a more accessible partner. Proximity to countries and stakeholders, both in terms of time zones and geographical distance, would allow regional presences to increase GCF's accessibility and visibility, and provide more clarity on GCF's requirements, ways of working, and type of support available

### Institutional

Regional presences can help de-risk portfolios and contribute to better knowledge sharing, particularly on country needs to facilitate:

- Risk management and M&E throughout the project implementation phase by acting as early warning systems that can detect potential issues on the ground
- knowledge-sharing of local intelligence as well as reflections from on-the-ground programme implementation experiences



# Implementing regional presences will require tailoring the model to regional contexts

**The priority models do not provide one-size-fits-all solutions and how they should be implemented will depend on specific regional needs:**

- Each region will have different needs in terms of institutional capacity building and addressing barriers to accessing GCF funding and support
- GCF's current portfolio, pipeline and future growth ambitions will also influence what objectives a regional presence should help achieve

**The analysis showed a mix-model would be most fit-for-purpose:**

- An office with a full programme support mandate (Option 9) would be most suited for regions where GCF already has a significant volume of work and wants to enhance its ability to deliver it
- Smaller outposts with programming mandates (Options 5 and 6) could be embedded within an office model to address the unique circumstances of particular sub-regions, such as SIDS
- An office with an early-stage programming mandate (Option 8) would be most relevant in regions where GCF wants to build or grow a stronger future presence

# Financial benefits of implementing ~7 regional presences may outweigh the costs in the long-run, depending on mandate, model and location

Cost driver	Team size and composition	Operating and one-off transition costs	Other cost savings
Outcomes of Dalberg cost-benefit analysis	<ul style="list-style-type: none"> <li>Regional presence would require between <b>45-65 positions</b></li> <li>On average <b>80% would be transferred from Songdo and 20% net new hires<sup>1</sup></b></li> <li>This is equal to <b>~15-20% of GCF's total headcount</b>, estimated at 315 FTEs by end 2023</li> <li>Relocating staff from Songdo to locations with lower cost of living could result in a net staff cost reduction in the long term</li> <li>The net <b>staff cost saving are estimated between USD 1.6–2.3 million per year</b> in the long term<sup>2</sup></li> </ul>	<p><u>Operating costs</u> There are <b>estimated between USD 300,000 - 500,000 per year<sup>3</sup></b>, including premises, utilities, insurance, IT staff, and all types of services required to ensure a suitable working environment</p> <p><u>One-off transition costs</u> There are <b>estimated between USD 2-3 million</b> with:</p> <ul style="list-style-type: none"> <li><b>Staff relocation packages</b> between USD 0.75-1 million</li> <li><b>Legal and HR fees</b> between 1-2 million</li> </ul>	<p>Implementing regional presences could further generate between USD <b>1.5-2.2 million in cost savings</b> with:</p> <ul style="list-style-type: none"> <li><b>Travel savings</b> of around USD 800,000 per year, with less long-haul missions (more expensive) and a similar number of short-haul missions within the regions</li> <li><b>Efficiency gains</b> of around USD 0.6-1.4 million due to about 3-4% reduction in the number of Secretariat FTEs required to deliver the main processes<sup>4</sup></li> </ul>

(1) Estimates on new staff are purely based on GCF's current capacity, they do not include assumptions on surge capacity required to ease current workload; (2) Dalberg used the UN salaries and post adjustment methodology to estimate the cost of international staff in the different locations. The assumptions used for this analysis are indicative, based on the practice of other international organisations, and would have to be discussed and revised internally if GCF decides to implement regional presences; (3) These costs would depend on a number of factors, including whether GCF decides to establish its regional presence through a hosting entity or independently, and the extend of the services and privileges it negotiates; (4) 2021 Capability Review estimations based on GCF staff consultations

# Methodology for calculating staff cost

## Staff cost outcomes

- Relocating staff from Songdo to **locations with lower cost of living** could result in a net staff cost reduction in the long term
- The net **staff cost saving** are estimated between **USD 1.6–2.3 million per year** in the long term

## Methodology

- Dalberg used the **UN salaries and regional post adjustment methodology** to estimate the cost of international staff in the different locations
- If GCF were to follow **this methodology**, regional presence **teams would cost USD 5.5 million** for an early-stage programming mandate and **USD 7.5 million** for a full programme support mandate
- For an equivalent team size and composition in Songdo (based on **current GCF salary scales**), the **staff cost would be USD 7.1 million** for an early-stage programming mandate and **USD 9.8 million** for a full programme support mandate

*The assumptions used for this analysis are indicative, based on the practice of other international organisations, and would have to be discussed and revised internally if GCF decides to implement regional presences*