

**GREEN  
CLIMATE  
FUND**

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# 2025-2027 work programme of the Secretariat and annual administrative budget of the GCF Secretariat, Board and Trustee

## Summary

This document presents the 2025-2027 work programme of the Secretariat and the proposed 2025-2027 administrative budget of the Secretariat, the Board and the Trustee. For the first time, it sets out a three-year trajectory detailing how the Secretariat will progress its top priorities for action – enhancing country ownership and access, delivering impact and results, and focusing on people and institutional strengthening – as it works to deliver the GCF Strategic Plan for 2024-2027 and ready GCF for its third replenishment. This document includes:

- (a) A draft decision for Board consideration;
- (b) The Secretariat work programme, results framework and administrative budget;
- (c) A framework for an output-based budget;
- (d) A consolidated overview of the budget of the GCF that includes the budgets of the independent units, as requested by the Budget Committee; and
- (e) A financial plan of the GCF commitment authority for the second replenishment period.

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## Executive Summary

1. This document presents the 2025-2027 work programme of the Secretariat, and the proposed 2025-2027 administrative budget of the Secretariat, the Board and the Trustee, for approval by the Board in line with paragraph 23(e) of the GCF Governing Instrument, decision B.38/07 and document GCF/B.38/11 - Annex III.
2. In developing its 2024 work programme and budget, the Secretariat planned for a transition year. This time a year ago, the Board had just adopted the GCF Strategic Plan for 2024-2027 (USP-2), the GCF-2 replenishment was ongoing, and the new Executive Director had recently commenced her term at the Fund. The Secretariat presented an efficient 2024 budget – representing a decrease on previously approved levels – that was focused on establishing a track record of strong budget execution and transparency in forecasting. The Secretariat also indicated its intent to shift into a progressive, mid-term work planning approach.
3. During 2024, the Secretariat has demonstrated strong performance in progressing its work programme, delivering key access and readiness reforms, elevated programming output, a focus on qualitative results and impact, and investment in critical people reforms. Heading into the last quarter of 2024, it is forecasting budget execution of over 94%, grounded in the recruitment of key capabilities – in particular, the buildup of programming teams – and a high rate of delivery of planned projects and engagements. However, the transition into the first year of USP-2 delivery has also exposed some critical gaps and bottlenecks in Secretariat capabilities, particularly in programming support functions such as sustainability and inclusion, and in key institutional functions, namely monitoring, evaluation and learning (MEL), risk, finance, treasury, data and policy. The Secretariat’s new organizational structure has been designed with a view to enhancing strategic delivery and capabilities in these areas.
4. Building on this context, the Secretariat’s 2025-2027 work programme and budget presents an ambitious multi-year plan to fully deliver the USP-2 and 50by30 vision, and ready GCF for its third replenishment. As the first work programme and budget prepared under the new multi-annual Administrative Budget and Accounting Framework adopted by decision B.38/07, for the first time the work programme details a three-year trajectory and milestones for the Secretariat’s top priorities – enhancing country ownership and access, delivering impact and results, and focusing on people and institutional strengthening.
5. The accompanying administrative budget request has been calibrated to support this ambitious forward path. It places a focus on strengthening the Secretariat’s staff cohort so it is fully equipped to execute the core business functions and the policy and institutional reforms needed to deliver USP-2. The proposed budget is for USD 112.5 million in 2025, USD 122.6 million in 2026, and USD 130.2 million in 2027, which represents year-over-year increases of 16%, 9% and 6%, respectively and a compound annual growth rate of 10% from the 2024 forecasted execution and assuming 100% execution in 2027. The primary driver for this increase is an increase in staffing levels, assuming an average headcount for the Secretariat of 345 in 2025, 370 in 2026, and 390 in 2027, with the majority of the increase in staffing placed in the core institutional areas mentioned above. The primary drivers of the remaining budget increase are linked to new investments in communications, investments in foundational data structuring linked to MEL, continued investment in technology for institutional automation and controls, execution of the institutional finance strategy, and increase in other budget lines commensurate with the increase in the size of the Secretariat and the portfolio.
6. The Fund has fulfilled its obligation to review the current salary scales, and the Secretariat has determined not to propose any amendments at this time. Instead, focus will remain on finalizing the new salary structure and job architecture. Budgetary implications related to the new salary structure will be presented to the Board for consideration at B.41.

## Annex I: Draft decision of the Board

The Board, having considered document GCF/B.40/17/Rev.01 titled “2025-2027 work programme of the Secretariat and annual administrative budget of the GCF Secretariat, Board and Trustee”:

- (a) Decides in accordance with paragraph 20(e)(i) of the Strategic Plan for the GCF 2024-2027 to set the following Fund-level programming and disbursement targets for 2025:
  - (i) Annual programming target of USD 2.3 to 2.5 billion in funding proposals approved by the Board; and
  - (ii) Annual disbursement target of USD 990 to 1,490 million;
- (b) Approves the 2025 to 2027 Secretariat work programme set out in annex II, in accordance with paragraph 23(e) of the Governing Instrument for the GCF;
- (c) Notes the Fund has conducted a staff salary scale review;
- (d) Approves the following administrative budgets for 2025:
  - (i) USD 112,502,291 for the GCF Secretariat, as set out in table 6 of annex II, which includes USD 39,113,085 in new funding, as well as the USD 73,389,206 for 2025 staff salaries and emoluments that was approved by the Board in decision B.34/05/(h);
  - (ii) USD 5,394,893 for the Board, as set out in table 5 of annex II; and
  - (iii) USD 4,750,000 for the Trustee, as set out in table 7 of annex II;
- (e) Approves, in accordance with the Administrative Budget and Accounting Framework approved by decision B.38/07, the following provisional administrative budgets for 2026:
  - (i) USD 122,571,804 for the GCF Secretariat, as set out in table 6 of annex II, which includes USD 50,471,804 in new funding, as well as the USD 72,100,000 for 2026 staff salaries and emoluments that was approved by the Board in decision B.37/08/(e);
  - (ii) USD 5,439,904 for the Board, as set out in table 5 of annex II; and
  - (iii) USD 4,895,000 for the Trustee, as set out in table 7 of annex II;
- (f) Approves, in accordance with the Administrative Budget and Accounting Framework approved by decision B.38/07, the following provisional administrative budgets for 2027:
  - (i) USD 130,232,818 for the GCF Secretariat, as set out in table 6 of annex II;
  - (ii) USD 5,514,530 for the Board, as set out in table 5 of annex II; and
  - (iii) USD 4,538,000 for the Trustee, as set out in table 7 of annex II;
- (g) Approves an emergency contingency budget pursuant to paragraph 26 of the Administrative Budget and Accounting Framework approved by decision B.38/07 to support all units of GCF in the amount of USD 2,540,914 for 2025;
- (h) Approves a Board contingency budget pursuant to paragraph 26 of the Administrative Budget and Accounting Framework approved by decision B.38/07 to support all units of GCF in the amount of USD 1,905,685 for 2025.

## Annex II: Work programme of the Secretariat for 2025-2027 and administrative budget

### Introduction

1. This document presents the 2025-2027 work programme of the Secretariat, and the proposed 2025-2027 administrative budget of the Secretariat, the Board and the Trustee, for approval by the Board in line with paragraph 23(e) of the GCF Governing Instrument, decision B.38/07 and document GCF/B.38/11 - Annex III. In addition, at the request of the Budget Committee, this document presents the administrative budget of the Board, and includes, in Annex III, an output-based budget, and in Annex IV, a consolidated administrative budget that covers all of the bodies of GCF, including its independent units.
2. This is the first multi-year work programme and rolling budget prepared under the updated Administrative Budget and Accounting Framework adopted by decision B.38/07. Accordingly, for the first time, the work programme details a three-year trajectory and milestones for the Secretariat's top priorities – enhancing country ownership and access, delivering impact and results, and focusing on people and institutional strengthening – designed to deliver the GCF Strategic Plan for 2024-2027 (USP-2) and 50by30 vision, and ready GCF for its third replenishment.
3. The accompanying administrative budget request has been calibrated to support this ambitious forward path. It recognizes the increasing levels of budget execution and growing portfolio and places a focus on deepening the Secretariat's institutional capabilities to ensure it is fully equipped to support the programming functions, which have grown in line with the programming targets of each 4-year period, and the policy and institutional reforms needed to deliver USP-2. The budget also incorporates much-needed investments in communications, monitoring, evaluation and learning (MEL), stakeholder engagement, and institutional strengthening needed. Continued investments in automation and controls continue to bring efficiency gains that ensure GCF's budget growth is slower than its portfolio and impact growth while responding to identified areas that require strengthening in a still maturing and evolving organization.
4. To ensure accountability and track progress, the work programme includes a results framework outlining milestones for 2025-2027 across each of the Secretariat's three objectives. These milestones articulate the shared intermediate which align with the programming directions and operational and institutional priorities in the USP-2 and will be tracked through the Secretariat's periodic activity reporting. The Secretariat will also annually report progress against a set of mid-term, outcome-based performance indicators towards key results.

### I. Enhancing country ownership and access

5. Under its first priority on enhancing country ownership and access, the Secretariat's three-year aim is to execute reforms that will make **fit-for-purpose access the 'new normal' and build closer and stronger strategic programming partnerships** between developing countries, GCF and accredited entities to drive a more truly country-led GCF pipeline.
6. Aligned to USP-2, the Secretariat will focus 2025 on delivering **key policy reforms to reshape fit-for-purpose accreditation, developing country and readiness partnerships**. Consistent with the early directions consulted with the Board in 2024, work will focus first, on unloading the accreditation function by bringing it back to its core role of assuring fitness to manage GCF finance; second, re-centering GCF programming on the GCF developing country

partnership and strategic engagement to establish ambitious, integrated and inclusive programmes of climate action; and third, positioning GCF as a proactive readiness partner working with countries to co-design solutions and deliver through effective technical partnerships.

7. On accreditation specifically, assuming the approval by the Board at B.40 of the proposal to reform accreditation, the Secretariat will consult the Board to finalize a **sequential package of reforms to the accreditation framework, fiduciary standards and monitoring and accountability framework**. These reforms aim to refocus accreditation as a screening of prospective new partners against requirements needed to channel GCF resources, while establishing fit-for-purpose solutions for other important capacity building, programming fit and performance monitoring goals. The Secretariat anticipates finalizing the accreditation reform package by B.41, with a proposal to update the monitoring and accountability framework following at B.42. This timeline would allow policy reforms to enter into effect during 2025, with full implementation from 2026. The Secretariat anticipates such reforms would help eliminate the accreditation pipeline backlog, materially expand countries' choice of direct access programming partners, and institute fit-for-purpose accountability and performance arrangements that save the high transaction costs associated with reaccreditation. The Secretariat will also review the project-specific assessment approach (PSAA) in 2026 to assess lessons learned and how to take them forward.

8. Parallel **stakeholder consultation on a refresh of country ownership policies, full operationalization of integrated Secretariat regional teams and the 2024-2027 readiness strategy** through 2025 will put the focus firmly back onto strategic GCF-developing country programming partnerships as the 'centre of gravity' for GCF pipeline development. Over 2025-2027, the Secretariat will work with over 100 countries to agree shared programming priorities and promote the uptake of targeted readiness support, advancing implementation and investment mobilization for nationally determined contributions (NDCs), national adaptation plans (NAPs) and other climate strategies in line with USP-2 Target 1. As part of this, the Secretariat will also work with interested partners to demonstrate how country-led platforms can support more integrated, broad-scale and ambitious investment programming. Full rollout of the 2024-2027 readiness strategy and modalities, including the placement modality, DAE support modality and strategic programming support, will be delivered through the Secretariat taking a much more proactive role in co-designing and delivering readiness through its new regional teams. The aim by 2027 is to significantly boost the impact of readiness in originating high-quality GCF projects and bring to GCF-3 a pipeline that is more qualitatively aligned with country-GCF climate impact priorities. From 2026, the Secretariat will also review progress to be able to refresh GCF- 3 strategies for readiness and PPF based on lessons learned.

9. Guided by USP-2 Target 2 – doubling the number of direct access entities (DAE) with approved funding proposals – the Secretariat will intensify engagement with DAEs through 2025-2027 to promote **uptake of the DAE readiness window, project preparation facility (PPF) and support the last mile toward project approval**. At both project development and implementation stages, first-time DAE projects often involve a steep learning curve. The Secretariat anticipates extra up-front investment – to onboard new DAEs, provide guidance on common programming and implementation gaps, and enable forums for peer learning – to help DAEs optimize the use of readiness and PPF support for programming. It has also planned for hands-on engagement to support the critical last mile toward project approval and contracting. By 2027, the Secretariat aims to help more than 60 DAEs build readiness, with a view to securing at least 25 new DAEs FP approvals, alongside some returning DAEs.

10. Overall, the Secretariat's work on enhancing country ownership and access will be guided by a more **client-focused partnership ethos focused on improving the experience of**

**accessing GCF.** Operational process reforms initiated in 2024 through Efficient GCF will continue into 2025 and beyond, embedding ‘one GCF-once voice’ and setting ambitious target response times for newly submitted proposals to review projects from concept to board approval in nine months or less.<sup>1</sup> The Secretariat aims to set itself up for continuous improvements in efficiency and effectiveness by evolving an operations excellence framework that provides regular process performance feedback and conducting annual partner satisfaction surveys. It will also seek to guide partners through sharing knowledge and best practices on climate impact assessment, safeguarding, gender, Indigenous People and inclusion, and strengthening stakeholder engagement across these areas. Work with the Board on regional presence and multilingualism is intended to reinforce these efforts.

## II. Delivering impact and results

11. Under its second priority on delivering impact and results, the Secretariat’s three-year aim is to fully execute GCF-2 resources to deliver **high-impact, country-owned programming that addresses climate vulnerability, promotes sectoral transformation, and catalyzes innovation and private sector investment in line with USP-2 goals.** By the GCF-3 replenishment, the Secretariat aims to build the fund’s portfolio management, results MEL and communications functions to a level where there is wide global recognition of GCF’s results and impact, and its role in supporting a more ‘fit for purpose’ wider climate finance architecture.

12. A fundamental premise of the Secretariat’s 2025-2027 work programme and budget request is the undertaking to **deliver greater programming reach through a 40% plus boost in programming levels relative to GCF-1.** Building upon the rapid acceleration of programming achieved in 2024, the Secretariat will aim to sustain elevated programming – and may grow this further, subject to available commitment authority – to deliver at least 170 funding proposals during GCF-2 (relative to 122 during GCF-1). For this output level to be realized, capacity needs to be strengthened across some functions that are currently experiencing bottlenecks (e.g. environmental and social safeguards, social inclusion and risk), in parallel with capturing efficiency gains. To improve predictability and promote alignment with country and USP-2 priorities, the Secretariat will also be strengthening tools to enable coordinated and integrated financial planning and pipeline management across its new regional programming teams. Detailed projections on 2025-2027 funding proposal programming are set out in **Table 2.**

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<sup>1</sup> Target screening times for new concept notes will be less than six weeks, and target times for appraisal of complete funding proposals will be less than six months.

**Figure 1: Programming Growth to 2027**



13. Looking beyond outputs to impact, the Secretariat also expects to invest additional capacity through 2025-2027 in **supporting the qualitative results targeted by USP-2, including a boost to programming with DAEs, vulnerable and underserved countries, and the national and local private sector.** This work will include accelerating the fast-tracking modality to promote universal coverage of climate information and early warning systems and developing a framework for advancing programming and partnerships for locally led climate action. Building on foundations laid in 2024, the Secretariat will implement an action plan to progressively reach countries underserved by GCF, targeting at least 5 countries each year. It will also deepen analytical work on climate risk and vulnerability, including at an intra-country level, to ensure those most in need of adaptation finance are not left behind. This set of activities will address social and political drivers of vulnerability, including gender inequality, and involve close engagement with the Indigenous Peoples Advisory Group and other stakeholder groups to scope opportunities for inclusive, innovative programming as called for by the USP-2. These activities will also advance implementation of the GCF Gender Action Plan through mainstreaming gender responsiveness into day-to-day operations and programming.

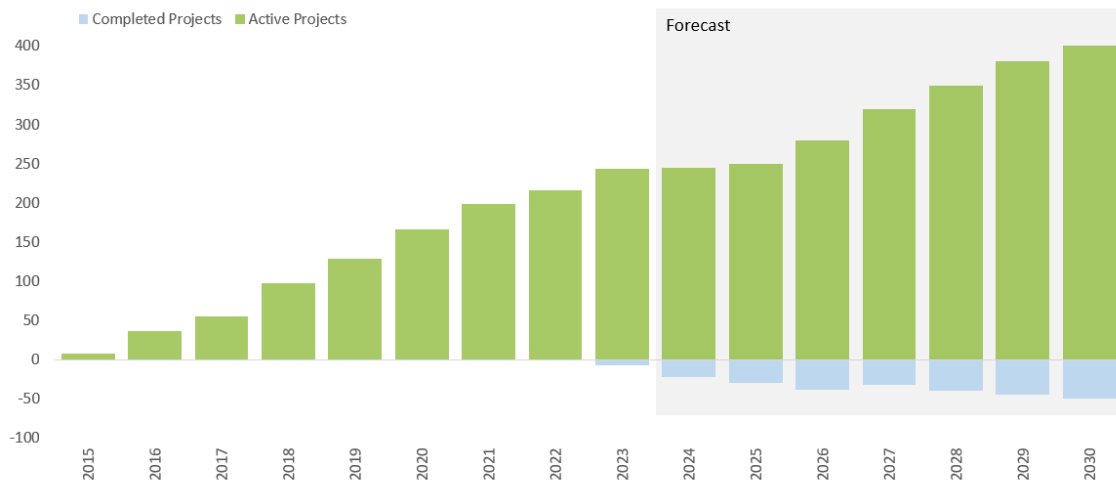
14. Over 2025-2027, the Secretariat will also support **closer private sector engagement across the spectrum from early-stage local startups and innovators to strategic co-investment partners for capital mobilization at scale.** Alternate-year hosting of the GCF Private Investment for Climate Conference (2025 & 2027), with regional roadshows between, will build closer connections between GCF, developing countries and private sector actors who can bring investment know-how and capital to countries' climate priorities and USP-2 targets. The Secretariat will build alliances with leading private sector experts – the 'GCF PACT' – to identify emerging opportunities and trends for catalyzing private sector climate finance. Through the new Strategic Investment Partnerships and Co-investment Department, it will also explore ways to attract co-investment partners at higher multiples to mobilize capital at an increased scale.

15. With continuous growth in programming, the **GCF portfolio is also expected to grow by around 40% in overall size over GCF-2,** reaching around 350 active projects by 2027. While the rate of project completions is expected to increase substantially over the next three years, the portfolio is unlikely to reach steady state into the 2030s given GCF's long project terms, higher rate of adaptive management and new approvals. The Secretariat's focus for the next three years will be on consolidating proactive portfolio management systems and capabilities that can keep pace with this growing task. This is work that still requires substantial investment in data, and the financial representation of GCF projects including disbursement and



reflows management; the maturation of risk-based warning systems; and more fit-for-purpose policies for monitoring, accountability, restructuring and results management. The Secretariat hopes policy reforms and systems investments can be prioritized in 2025, to set a sound foundation for further portfolio growth.

**Figure 2: Portfolio projections**



16. Another area that requires substantial attention in the near term is building a **monitoring, evaluation and learning (MEL) capability that will allow the Secretariat to draw dynamic insights and share knowledge on GCF's results and impact.** This is an area where GCF lags behind, impeding the fund's ability to assess how to enhance impact in future investments, make data and knowledge accessible for the benefit of countries and partners and bring adequate visibility to the fund's impact. From 2025, the progressive and stakeholder-inclusive development of an MEL strategy, integrated and interconnected 21<sup>st</sup> century data capabilities, a new knowledge management system, keystone knowledge products and a widely networked MEL community of practice will seek to elevate GCF as a global leader for learning on climate finance effectiveness and impact. By 2027, this work, accompanied by a review of the effectiveness of the Fund's results management framework, will provide critical inputs to the GCF-3 replenishment and 2028-2031 strategy development. A critical goal is to guide and eventually demonstrate the most effective way to invest climate change mitigation and adaptation is through GCF.

17. Drawing these streams of work together, over 2025-2027 the Secretariat's communications, outreach and advocacy efforts will focus on building **GCF's leadership profile on climate finance and wider global recognition of GCF's impact and unique value-add to the climate finance landscape.** This will be done through high-level engagement in key global and regional fora including the UNFCCC and UNGA, proactive engagement with media and targeted communications campaigns, and critically, by engaging developing country beneficiaries and their partners as storytellers and champions of GCF's successes, to share lessons learned. Key products supporting these efforts will be a refreshed GCF website, project stories and visual storytelling, flagship annual reports and knowledge publications. The GCF will also continue to lead practical collaboration among the multilateral climate funds and wider finance architecture to promote greater complementarity and coherence, looking more deeply into opportunities for harmonization, knowledge-sharing and strategic complementarity.

18. Bringing together a demonstrated ability to scale efficiently; a continued ability to attract co-financing; clear data showing GCF's best-in-class impact effectiveness; and a robust communications platform, lays the foundation for USP-2 and the 50by30 vision.

### III. Focusing on people and institutional strengthening

19. Under its third priority focusing on people and institutional strengthening, the Secretariat's three-year aim is to strengthen the **organizational backbone of its people and institutional capabilities so that stakeholders can have full confidence in GCF's ability to operate as a state-of-the-art organization**. These efforts seek to ensure the Secretariat is fully equipped to manage what will, by 2027, be a USD 25 billion plus portfolio.

20. Building on the extensive work and consultations conducted with staff and the Board in 2024 – including on a compensation philosophy and job architecture – 2025 will be a critical year for **embedding the new Secretariat organizational design and finalizing key people policy reforms**. Alongside the modernization of staff rules, regulations and salary structure, the Secretariat will continue attracting and developing world class talent and aligning organizational culture with GCF values through a refreshed performance management system, talent development program, wellbeing and ethics initiatives aimed at building a safe, respectful, rewarding work environment. As described below, the Secretariat considers that progressively growing its staff cohort is essential to delivering its workplan and the USP-2, noting historical issues related to work-life balance, succession and equity that require continuous investment.

21. Over 2025-27, the Secretariat also considers it essential to **bring a more intensive focus to maturing the GCF's architecture for risk-informed financial management**. The GCF must be properly equipped to manage a portfolio of growing financial complexity, that includes diverse, novel financial instruments and structures. From 2025, the Secretariat seeks to prioritize updates to risk and hedging policy frameworks, strengthen relevant teams, and advance development of operational risk controls and tools to mainstream a risk-aware culture. Continuing effort to expand coverage of privileges and immunities, and build a world class internal audit function, will round out a proactive approach to risk management. All of this will be reinforced with a top tier external audit.

22. The Secretariat will also be continuing its evolution of GCF's systems to become **an intelligent and data-driven business that is ready to harness the power of rapidly advancing technology**. The ongoing rollout of Oracle as GCF's enterprise resource planning (ERP) system is expected as of 2025 to enable productivity and transparency gains through more integrated workforce planning, financial planning and analysis, budget execution reporting, procurement, expenses and people management. Together with an agile approach to corporate performance management and robust change management practices, enhanced business analytics are expected to promote operations excellence and a continued 90%+ rate of budget execution, building a strong track record of efficient administration. In parallel, a new data vision will guide a multi-year roadmap to harness the value of GCF and shared climate and finance data to improve access and impact. Investment in data architecture and quality, integrated systems, connectivity and 'proof of concept' projects will set GCF on a pathway to fully leverage the power of technology and artificial intelligence for its mission. GCF's size allows the fund to be at the epicentre of climate finance data; and also to set benchmarks for the entire climate finance space.

23. To facilitate delivery of the 30+ policy items on Board's workplan, the Secretariat also plans to continue its efforts to support **effective governance through enhancing processes, systems and capacities to support an informed, engaged and effective Board and**

**committees.** Successful finalization of key policy reforms – over 2025-26 in particular – will be crucial to enabling access, impact and efficiency through a rationalized, simplified and more coherent GCF policy suite. Activities to support Board decision-making will include enhancing Co-Chair and Board member onboarding and transitions, information sharing through an enhanced Board portal, optimization of consultation and decision-making processes, strengthening Committees, supporting reviews of Board panels and implementing transparent and dynamic document and decision tracking. The Secretariat will also advance through 2025 broad stakeholder consultations on the GCF's approach to observer engagement, stakeholder participation and information disclosure to inform holistic reforms in these areas.

24. Action under all three of the Secretariat's objectives will fundamentally be directed toward **readying GCF for its third replenishment and 2028-2031 strategic programming period**, during which the world will cross the critical decade for climate action. By 2027, the GCF aims to be in a position to showcase itself as a partner of choice for developing countries that has significantly improved access; a fund of choice for contributors with an innovative and impact-driven strategy, demonstrated results and proven track record of effective and efficient administration; and an employer of choice for its people with high rates of employee satisfaction, engagement and performance. In this 2025-2027 work programme, the Secretariat investments and activities over 2025-2026 are designed to set the essential foundation – of partnerships, programming, results, policies, financials, data and people – for resource mobilization through an empowered network of champions, a strong and broad contributor base, and capital mobilization toolkit that can pave the way to USP-2 and the 50by30 vision.

#### IV. Programming projections

25. The tables below set out three-year projections for key programming and implementation metrics. Annual programming goals have always been based on a number of factors, including an assessment of the GCF commitment authority and scenarios for financial planning, resources committed for RPSP and PPF, an evaluation of the project pipeline, and assumptions regarding both the approval of the Secretariat's budget requests and outstanding policies. In relation to commitment authority, programming goals may be affected by some uncertainty as it relates to realization of contributions as well as fluctuation in currency. Projected implementation outputs are likewise based on assumptions such as the programming projections, current understanding of FAA implementation and disbursement schedules, rate of restructuring, and an understanding of resources available to support implementation. Reporting against these projections will be included as per past practice in the regular Report on the Activities of the Secretariat.

26. **Table 1** sets out reporting metrics for the readiness programme and PPF:

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

Metrics		Projection		
		2025	2026	2027
Readiness	New proposals approved for 2025-2027 and approved amount (USD million)	90 (152.7M)	90 (152.7M)	45 (76.3M)
	Cumulative portfolio (all approved grants from inception including closed/cancelled)	841 (784.7M)	931 (937.4M)	976 (1,010M)
	Grants closed and amount (USD million)	Annual: 80 (40M) Cumulative: 326 (164M)	Annual: 90 (45M) Cumulative: 416 (209M)	Annual: 100 (50M) Cumulative: 516 (259M)
	Readiness portfolio under implementation (i.e. total cumulative approved proposals legally effective and/or expired excluding closed grants)	Cumulative: 515 (620M)	Cumulative: 515 (727.7M)	Cumulative: 460 (754M)
	Disbursements (for grants under implementation)	Annual: 70M Cumulative: 428M	Annual: 80M Cumulative: 509M	Annual: 90M Cumulative: 527M
	Share of approved readiness proposals receiving disbursements	70%	70%	70%
	No-cost extensions and change requests processed in 2025-2027	20% of portfolio (100 requests)	15% of portfolio (80 requests)	10% of portfolio (50 requests)
	Total grants completed & amount (USD million)	Annual: 100 (50M) Cumulative: 229 (113M)	Annual: 40 (20M) Cumulative: 179 (88.7M)	Annual: 15 (7.4M) Cumulative: 94 (46.5M)
Project Preparation Facility	New requests approved in 2025-2027 and approved amount (USD million)	16 PPF requests (10.5M) where at least 10 are from DAEs (6.7M)	19 PPF requests (12M) where at least 12 are from DAEs (7.7M)	21 PPF requests (13.9M) where at least 14 are from DAEs (8.9M)
	PPF proposals closed and amount (USD million)	Grants: 8 (5.3M) Services: 5 (3.3M)	Grants: 10 (6.7M) Services: 6 (4.0M)	Grants: 12 (8.0M) Services: 7 (4.7M)
	PPF portfolio under implementation (i.e. total cumulative approved proposals legally effective and/or expired excluding closed grants)	Cumulative: Grants: 40 PPF Service: 8	Cumulative: Grants: 39 PPF Service: 9	Cumulative: Grants: 37 PPF Service: 10
	Disbursements	Annual: 11M Cumulative: 23.5M	Annual: 12.3M Cumulative: 22.8M	Annual: 13.8M Cumulative: 21.8M
	Total PPF proposals completed and amount (USD million)	Grants: 12 (8.0M) Cumulative: 25 (16.8M) Services: 10 (3.7M) Cumulative: 15 (5.5M)	Grants: 5 (3.3M) Cumulative: 20 (13.4M) Services: 12 (4.4M) Cumulative: 25 (9.2M)	Grants: 2 (1.3M) Cumulative: 10 (6.7M) Services: 13 (4.8M) Cumulative: 37 (13.6M)

27. **Table 2** sets out reporting metrics for funded activities:

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

Metrics	Projection		
	2025	2026	2027
Total new funding proposals and amount sent to the iTAP for 2025-2027 (USD million)	Total: 41-50 funding proposals (2,760M-3,480M)  Public: 28-35 funding proposals (1,656M-2,088M) Private: 13-15 funding proposals (1,104M-1,392M)	Total: 41-56 funding proposals (2,880M-4,080M)  Public: 28-39 funding proposals (1,728M-2,448M) Private: 13-17 funding proposals (1,152M-1,632M)	Total: 41-61 funding proposals (3,000M-4,560M)  Public: 28-42 funding proposals (1,800M-2,736M) Private: 13-19 funding proposals (1,200M-1,824M)
SAP proposals and amount sent to iTAP for 2025-2027 (USD million)	Total: 10-13 funding proposals (150M-195M)  Public: 8-10 funding proposals (120M-150M) Private: 2-3 funding proposals (30M-45M)	Total: 10-14 funding proposals (150M-210M)  Public: 8-10 funding proposals (120M-125M) Private: 2-3 funding proposals (30M-45M)	Total: 10-15 funding proposals (150M-225M)  Public: 8-12 funding proposals (120M-180M) Private: 2-3 funding proposals (30M-45M)
Direct access proposals and amount sent to iTAP for 2025-2027 (USD million)	Total: 9-13 funding proposals (390-550M)  Public: 7-13 funding proposals (330-430M) (7-9 New DAE) (140-180M) Private: 2-4 funding proposals (60-120M)	Total: 10-16 funding proposals (490-730M)  Public: 8-12 funding proposals (430-610M) (7-10 New DAE) (140-200M) Private: 2-4 funding proposals (60-120M)	Total: 12-19 funding proposals (600-940M)  Public: 10-15 funding proposals (540-820M) (7-10 New DAE) (140-200M) Private: 2-4 funding proposals (60-120M)
Adaptation proposals and amount sent to iTAP for 2025-2027 (USD million),	Total: 15-20 FPs (500-600M)	Total: 15-22FPs (500-650M)	Total: 15-24 FPs (500-700M)

Metrics	Projection		
	2025	2026	2027
including share to SIDS/LDCs/African States	Public: 13-16 funding proposals (420-485M) Private: 2-4 funding proposals (80-115M)	Public: 13-18 funding proposals (420-535M) Private: 2-4 funding proposals (80-115M)	Public: 13-20 funding proposals (420-585M) Private: 2-4 funding proposals (80-115M)
PSAA proposals and amount sent to iTAP for 2025-2027 (USP million)	Total: 8-10 PSAA proposals (617-753M)	Total: 6-8 PSAA proposals (200-300M)	Total: 2-4 PSAA proposals (50-150M)
FAAs signed in 2025-2027 and total FAAs signed	Annual: 30 – 40 Cumulative: 278–292  Public: 20-28, 215-225 cumulative Private: 10–12, 63–67 cumulative	Annual: 33 – 45 Cumulative: 310–322  Public: 23-32, 238-257 cumulative Private: 10–13, 73–80 cumulative	Annual: 34 – 49, Cumulative: 345–386  Public: 24-36, 262-293 cumulative Private: 10 –13, 83 – 93 cumulative
FPs completed and amount (USD million)	Annual: 30 (1,121M)	Annual: 38 (1,228M)	Annual: 32 (1,389M)
Active FP portfolio (i.e. total/cumulative approved FPs under implementation & disbursed amount - not including completed FPs) (USD million)	Cumulative: 240-254	Cumulative: 266-294	Cumulative: 306-351
Disbursements	Annual: 1,100M-1,150M Cumulative: 6,000M-6,100M	Annual: 1,300M-1,375M Cumulative: 7,300M-7,450M	Annual: 1,500M-1,650M Cumulative: 8,850M-9,050M
Share of funding proposals under implementation	85%	85%	85%
Share of funding proposals receiving disbursements	80%	80%	80%
% portfolio subject to adaptive management action (NB major change requests)	Total: 40% Non-Major change, Major change: 5%	Total: 40% Non-Major change, Major change: 5%	Total: 40% Non-Major change, Major change: 5%

28. **Table 3** sets out reporting metrics for accreditation:

**Table 3: Accreditation**

Metrics	Projection		
	2025	2026	2027
New accreditation applications progressed by the Secretariat from Stage I to Stage II (Step 1) under institutional accreditation	20-31	20-31 40-50, pending approval of accreditation reform	20-31 40-50 pending approval of accreditation reform
Number of AEs in network	Total: 158 DAE: 102 IAE: 56	Total: 178 DAE: 116 IAE: 62	Total: 198 DAE: 130 IAE: 68
Number of first or amended and restated AMAs signed in 2025-2027	16 (of which at least 13 are with DAEs)	16 (of which at least 13 are with DAEs)	16 (of which at least 13 are with DAEs)

## V. Proposed 2025 to 2027 administrative budget of the GCF including the Board, the Secretariat and the Trustee

29. An overview of the proposed 2025-2027 Board, Secretariat and Trustee budget is provided in Table 4 below. The overview is followed by individual sections covering the Board, the Secretariat and the Trustee. Before contingency, overall, the budget represents a total increase of USD 10.65 million (10 per cent) above the 2024 approved budget, or USD 16.94 million (16 per cent) above projected 2024 execution levels. It is noted that the budget estimates for 2026 and 2027 represent an indicative trajectory that is subject to change, and re-approval by the Board as part of each annual budgeting cycle. It is also noted that initiatives that are contingent on future Board decisions, such as a GCF regional presence, are not yet factored into the budget. Furthermore, it is important to note that this is the first year for the Secretariat to present a multi-year budget. Many lessons were learned in the preparation of this document which will be incorporated in the coming years to help improve transparency and accuracy, however, it is expected that adjustments will need to be made to provisional years as GCF adapts to this multi-year framework.

**Table 4: Proposed administrative budget for 2025-2027 (USD in thousands)**

Code	A Budget category/ subcategory	B 2024 Approved budget	C 2024 Forecast	D Proposed 2025 budget	E= (D- C)÷C % change over 2024 Forecast	F Proposed 2026 budget	G Proposed 2027 budget	H= (F- D)÷D % change over 2025 proposed	I=(G-F)÷F % change over 2026 proposed	J 3 Year CAGR
1	Board	5,947	4,549	5,395	19%	5,440	5,515	1%	1%	7%
2	Secretariat	101,519	96,626	112,502	16%	122,572	130,233	9%	6%	10%
3	Trustee	4,531	4,531	4,750	5%	4,895	4,538	3%	-7%	0%
	<b>Total Before Contingency</b>	<b>111,997</b>	<b>105,705</b>	<b>122,647</b>	<b>16%</b>	<b>132,907</b>	<b>140,285</b>	<b>8%</b>	<b>6%</b>	<b>10%</b>
	Board Contingency (1.5%)	0	0	1,906	n/a	n/a	n/a	n/a	n/a	n/a
	Emergency Contingency (2%)	1,999	0	2,541	n/a	2,766	2,916	9%	5%	n/a
	<b>Grand total</b>	<b>113,996</b>	<b>105,705</b>	<b>127,094</b>	<b>20%</b>	<b>135,673</b>	<b>143,201</b>	<b>7%</b>	<b>6%</b>	<b>11%</b>
	<b>Average Secretariat staff headcount</b>	<b>325</b>	<b>315</b>	<b>345</b>	<b>10%</b>	<b>370</b>	<b>390</b>	<b>7%</b>	<b>5%</b>	<b>7%</b>



## 5.1 Board budget

30. The costs relating to the Board, detailed in **Table 5**, cover expenditures associated with: logistical arrangements for and travel to Board meetings; Co-Chair, co-chair team and Board representative travel on GCF related missions; and inter-sessional meetings of Board committees, panels and working groups.

**Table 5: Board: Proposed administrative budget for 2025-2027 (USD in thousands)**

Code	A Budget category/ subcategory	B 2024 Approved budget	C 2024 Forecast	D Proposed 2025 budget	E= (D- C)÷C % change over 2024 Forecast	F Proposed 2026 budget	G Proposed 2027 budget	H= (F- D)÷D % change over 2025 proposed	I=(G-F)÷F % change over 2026 proposed	J 3 Year CAGR
<b>1.1</b>	<b>Board</b>									
1.1.1	Board representative travel	1,261	1,130	1,261	12%	1,299	1,338	3%	3%	6%
1.1.2	Venue and logistics	1,015	391	403	3%	415	427	3%	3%	3%
1.1.3	Professional Services	0	0	120	n/a	124	127	3%	3%	n/a
	<b>Sub-total: Board</b>	<b>2,276</b>	<b>1,521</b>	<b>1,784</b>	<b>17%</b>	<b>1,837</b>	<b>1,892</b>	<b>3%</b>	<b>3%</b>	<b>8%</b>
<b>1.2</b>	<b>Co-Chair and Board representative travel</b>									
1.2.1	Co-Chair and Board representative travel	28	23	28	19%	28	28	0%	0%	6%
	<b>Sub-total: Co-Chair and Board representative travel</b>	<b>28</b>	<b>23</b>	<b>28</b>	<b>19%</b>	<b>28</b>	<b>28</b>	<b>0%</b>	<b>0%</b>	<b>6%</b>
<b>1.3</b>	<b>Board committees, panels and working groups</b>									
1.3.1	Board representative travel	580	327	609	86%	600	619	-2%	3%	24%
1.3.2	Venue and logistics	32	23	11	-51%	11	11	0%	0%	-21%
1.3.3	Compensation of Board panels: Accreditation Panel <sup>a</sup>	952	736	868	18%	868	868	0%	0%	6%
1.3.4	Compensation of Board panels: Technical Advisory Panel <sup>b</sup>	1,580	1,528	1,545	1%	1,545	1,545	0%	0%	0%
1.3.5	Professional Services	500	390	550	41%	550	550	0%	0%	12%
	<b>Sub-total: Board committees, panels and working groups</b>	<b>3,643</b>	<b>3,004</b>	<b>3,584</b>	<b>19%</b>	<b>3,574</b>	<b>3,593</b>	<b>0%</b>	<b>1%</b>	<b>6%</b>
	<b>Grand total</b>	<b>5,947</b>	<b>4,549</b>	<b>5,395</b>	<b>19%</b>	<b>5,439</b>	<b>5,513</b>	<b>1%</b>	<b>1%</b>	<b>7%</b>

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

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

31. The Board budget allows for different modalities for Board meetings next year (in presence or virtual), based upon experience with previous Board budgets, but without prejudging the Board decisions on the number of meetings, the number of days of those meetings, the format of Board meetings or the venue of those meetings. Budget line 1.1.3. has been added for the learning and development of board members.

32. The Board committees, panels and working groups budget includes budget for the costs related to the Accreditation Panel (AP), Technical Advisory Panel (TAP) and the Indigenous People Advisory Group (IPAG). Established through the Indigenous Peoples Policy, the IPAG functions to enhance coordination between GCF, accredited entities and executing entities, States and Indigenous Peoples (IPs) in relation to matters concerning IPs. The roles and functions of the IPAG are conducted with the support of the Secretariat. Membership is made up of 6 Indigenous representatives for the first term 2022-2024.

33. The proposed budget for the TAP has been lowered assuming a reduction in expenses for administrative consultant services. Estimated TAP travel for Board meetings and GCF events increased slightly. The budget for AP has been adjusted to account for the forecasted reduction in the technical consultants' budgets. For 2025-27, the budget for professional services for the Board committees, Panels and working groups is budgeted separately. This includes Professional Services for the Accreditation panel under the updated Accreditation Framework. It is added to ensure access and maintain accreditation processing speed at the level foreseen by the workplan. A budget estimate has been added for the review of the TAP as well as for professional services needed for the evaluation of the board-appointed officials.

## 5.2 Secretariat budget

34. A more detailed overview of the proposed 2025-2027 Secretariat budget is provided in Table 6 below. The budget request for the 2025-2027 work programme is premised on the need for a progressive, staged increase in both staff and non-staff budget lines, equipping the Secretariat to deliver the growth in programming and portfolio, and strengthening of critical institutional capacities commensurate with earlier strengthening of programming capacity that will enable delivery of USP-2 and ready GCF for its third replenishment. In developing the first multi-annual work programme and budget, the Secretariat has been through a rigorous internal prioritization process and made trade-offs regarding how much the Secretariat can achieve in 2025. By drawing on efficiencies across programming and corporate processes, this budget request is designed to enable further increases in programming and implementation output capacity at a higher rate than resourcing growth, and in parallel equip the Secretariat to keep focus on qualitative outcomes and delivering key reforms.

35. Recognizing that the new contingency budgets are applied across all budgets as per the Administrative Budget and Accounting Framework (ABAF), a contingency no longer appears in this table. The 2025 budget represents a total increase of USD 10.98 million (11 per cent) above the 2024 approved Secretariat budget, or USD 15.88 million (16 per cent) above projected 2024 execution levels. At headline unit output level, as indicated in the workplan, this request is relative to an anticipated 40% increase in programming levels and 40% increase in the size of the GCF portfolio by 2027. However, it is important to underscore that the increase is not solely or even primarily attributable to raised unit output levels, but also reflects the Secretariat's investment in the quality of GCF's programming, results and impact; major access and policy reforms; and critical people, risk, finance, data and governance capacities that will underpin effective and efficient fund administration.

36. As requested by the Budget Committee, the Secretariat has introduced its first multi-year metric in Table 6, the 3 Year Compound Annual Growth Rate (CAGR). This metric provides visibility on how each budget line is moving over the entire multi-year period, expressed here as the CAGR from the forecast execution in 2024 to the proposed budget in 2027. Over this period the overall budget would grow on a straight-line basis by 10% each year over the next 3 years if the Secretariat were to execute 100% of its proposed budget in 2027. However, given GCF's execution rate has always been below 100% and assuming a similar level as the 2024 forecast of 95% applied to an estimated execution for the 2027 proposed budget, the 3 Year CAGR would only be 8.6% and similarly, the CAGR for all other line items would fall as well

**Table 6: Overview of the proposed Secretariat budget for 2025-2027 (USD in thousands)**

	A	B	C	D	$E = \frac{(D-C)}{C}$	F	G	$H = \frac{(F-D)}{D}$	$I = \frac{(G-F)}{F}$	J
Code	Budget category/ subcategory	2024 Approved budget	2024 Forecast	Proposed 2025 budget	% change over 2024 Forecast	Proposed 2026 budget	Proposed 2027 budget	% change over 2025 proposed	% change over 2026 proposed	3 Year CAGR
2.1.1	Full-time staff	68,525	66,143	77,101	17%	82,642	87,103	7%	5%	10%
2.1.2	Consultants and interns	3,939	3,754	4,292	14%	4,473	4,544	4%	2%	7%
2.2	Travel	3,372	3,509	3,814	9%	4,507	4,832	18%	7%	11%
2.3.1	Contractual services	10,228	8,980	10,416	16%	12,118	13,360	16%	10%	14%
2.3.2	General operating costs	3,457	2,483	2,862	15%	2,942	3,157	3%	7%	8%
2.3.3	Information and communications technology	9,955	10,250	10,372	1%	11,420	12,168	10%	7%	6%
2.3.4	Depreciation	2,044	1,505	3,645	142%	4,470	5,068	23%	13%	50%
	<b>Grand Total</b>	<b>101,519</b>	<b>96,626</b>	<b>112,502</b>	<b>16%</b>	<b>122,572</b>	<b>130,233</b>	<b>9%</b>	<b>6%</b>	<b>10%</b>
	<b>Average staff headcount</b>	<b>325</b>	<b>315</b>	<b>345</b>	<b>10%</b>	<b>370</b>	<b>390</b>	<b>7%</b>	<b>5%</b>	<b>7%</b>

37. **Staff.** The largest increase in an individual budget line is for Full-time staff. As further described in Annex II: Section VI Secretariat Staffing from 2021 to 2027 below, the Secretariat considers that progressively growing its staff cohort is essential to deliver its workplan and the USP-2. In 2025, the Secretariat will focus on additional staff critically needed in functions such as MEL, safeguards, risk, finance, treasury and policy. In line with the shift to a multi-year budgeting framework and budgetary caps as described in the ABAF, the Secretariat proposes a trajectory of reaching 358-378-398 staff over 2025-2027 (budgeted at an average of 345-370-390), which it considers achievable in light of recent recruitment trends and the expectation of exiting 2024 at close to 325 headcount. The Secretariat will continue to refine staff requirements for 2026 and 2027 as more data is available on the impact of efficiencies, streamlined processes and the updated structure of the Secretariat, informed by appropriate benchmarking.

38. The Secretariat is advancing the development of a new salary structure, which includes a comprehensive job architecture designed to establish refreshed job hierarchies and corresponding salary ranges for each grade. This updated job architecture will streamline the current levels for both International Staff (IS) and Administrative Staff (AS), ensuring that the new salary structure aligns with the Fund's target market composition and reflects competitive positioning within its sector.

39. Concurrently, the Fund has fulfilled its obligation to review the current salary scales for IS and AS levels, benchmarked against peer organizations. While both initiatives are being undertaken in parallel, the Secretariat has determined not to propose any amendments to the existing salary scales currently. Instead, focus will remain on finalizing the new salary structure. Potential budgetary implications related to the new salary structure will be presented to the Board for consideration at B.41 and are not included in the 2025 to 2027 budget.

40. **Consultants and interns.** The proposed budget for 2025 individual consultants and interns is proposed to grow by 14% over the 2024 forecast execution level. Embedded within this budget line are a few expenses that the Secretariat will always carry which include consultants who provide specialized services such as niche expertise in environmental and social safeguards and audits, and consultants who are needed for surge capacity. Consultants are also required to cover for parental leave. The need for these types of consultants scales in line with the growth of the size of the Secretariat and costs increase in line with periodic benchmarking. This scaling is also true for the intern program which is growing. The Secretariat anticipates a ratio of 1 intern for every 8 to 10 staff over the next 3 years. The Secretariat understands that a significant increase in staff needs to be accompanied by a reduction in non-essential consultants which is why the 3 Year CAGR for consultants and interns is below the 3 Year CAGR for Full-time staff.

41. **Travel.** The proposed budget for 2025 travel is also proposed to grow by 9% over the 2024 forecast execution level, and the 2024 forecast execution level is USD 130,000 over the 2024 budget. It is true that travel will scale with the size of the Secretariat, though growth in travel is more closely linked to the growth in the portfolio as well as the requests for Secretariat to increase engagement at the country level as well as at the policy level at global events and with other entities in the climate finance space. Even with the programming travel required to enable greater country programming and portfolio management, in 2025 the travel budget represents 3.4% of the Secretariat budget. GCF's travel policy for mission travel is the same or more conservative than comparator organizations such as the United Nations, World Bank, Asia Development Bank, Asia Infrastructure Investment Bank, Global Green Growth Institute, and the UNFCCC, though the Fund's geographic location presents a challenge. It is a fact that the majority of GCF's portfolio lies further than a 9-hour direct flight from Korea and the same can be said for most of the international events. Referring to the Output Based budgeting located in

Annex III, two thirds of travel is related to program outputs increasing access and delivering impact and results. While GCF continues to explore ways of reducing travel costs, the Secretariat firmly believes that travel is essential to executing the GCF-2 strategic plan and this is why the 3 Year CAGR for travel exceeds that of staffing and the Secretariat overall.

42. **Contractual services.** The proposed budget for 2025 contractual services has the 3<sup>rd</sup> highest increase in any individual budget line (aside from Full-time staff and depreciation) relative to 2024 forecast execution levels at 16%. Several factors contribute to this. The first is that historically, the under execution in contractual services is the highest aside from Full-time staff. This pattern has continued in 2024. While the reasons for this under execution have been communicated in other budget documents, the Secretariat is hopeful that it has addressed this problem. With the procurement team fully staffed from the start of the year, the Secretariat was able to deploy Oracle's procurement system as part of the ERP which has greatly streamlined the procurement process and provided visibility and contract management that GCF has never had. Also, with the ABAF, the ability to carry over budgets of executed contracts where the work has not yet been completed into the following year, is expected to change procurement and invoicing behaviour which contributed to under execution when GCF was using 1 Year budgets.

43. The second is that GCF has incurred several large increases in cost because of board mandates. The largest is securing a Treasury services contract to execute GCF's first foreign exchange hedges, scaling from USD 350,000 in the first year, up to USD 1 million in subsequent years on the assumption that GCF can expand its FX hedging program with additional collateral. The fees for the external auditor have more than doubled for 2025 and triple by 2027 as the scope of the audit expands into controls and IT. External legal counsel continues to be engaged for specialist expertise (e.g. specialist jurisdiction or instrument expertise) and as a risk mitigation measure where significant innovation in certain structures increases transaction risk. GCF is also making further investments into communications and its data strategy to support the monitoring, evaluation and learning function. The realized benefits for these investments will need to be evaluated over time before committing more funds to them, thus the budget for contractual services tapers off in 2027. However, as the benefits materialize, we fully expect investment in these areas to continue and will revise future budgets to reflect that continued investment.

44. **Information and communication technology (ICT).** While it appears as if GCF's budget is almost flat from the projected 2024 execution rate to the proposed 2025 budget, this number is slightly misleading and needs to be understood in the context of depreciation. GCF has made a significant investment into its Oracle ERP system and has taken this investment as a capital charge to be depreciated over the course of 5 years. This represents nearly USD 1 million of the increase in the depreciation line and should that amount be added to the ICT line, an increase of over 10% from the projected 2024 execution rate to the proposed 2025 budget would be seen. The investment in the ERP continues as the scope has expanded to now include the Human Capital Management and Expense modules which were not budgeted for at the start of 2024 and will partially contribute to the 2024 over-execution in this line. While the addition to the scope of the ERP extends the timeline of the full rollout and adds more to the cost basis of GCF, the retirement of many legacy systems which were in some instances more expensive, will partially offset that cost as will the automation of many manual tasks at GCF. More importantly though, the ERP will provide information to help the Secretariat make better decisions and provide more controls and efficiencies in line with the Fund's journey towards maturity as an institution. It is important to note that including the technology components of depreciation into the ICT budget line, still only raises GCF's spend on IT to approximately 10%. Research from some well-known IT consulting firms has indicated that IT spending in the government and the financial sectors, averages about 11.5% of operational costs so it appears as if GCF is, in fact, underinvested in this area.

45. **Depreciation and General operating costs.** The proposed budget for depreciation in 2025 is USD 2.1 million dollars more than the projected forecast for 2024 which is an increase of 142%. Like contractual services, the story is twofold: under execution in the current year and added items in the following year. The biggest contributor here is the ERP which was delayed by several months because of the loss of key staff involved in the ERP project causing the under execution which was paired with a full realization of the new capitalized items in the following year. The other large contributor to this line is GCF's new real estate asset, the Board room at IBS Tower. The same thing happened here where delays in the construction also caused under execution in 2024 but delivery at the end of the year cause fully realized depreciation projected for 2025. The 3 Year CAGR really shows that GCF continues investing into transformational technology and physical space to modernize the institution.

46. **Contingency.** As per the ABAF, GCF has moved to two different contingency budgets, the emergency contingency budget to be used for true emergencies such as cyber-attacks, unexpected lawsuits, outbreak of conflict, pandemics, etc. and the Board contingency budget to be used for unexpected items related to the Independent Units' programmatic work which includes, unexpected evaluations, investigations, and cases, as well as unbudgeted Board mandates that should be at least partially executed in the year the mandate was given and added to the next multi-year budget. For the emergency contingency budget, GCF is taking 2% or approximately USD 2.5 million on the sum of all GCF budgets as set in the ABAF. For the Board contingency budget, in consultation with the Budget Committee, the level was set at 1.5%, USD 1.9 million, for 2025. In helping to set the board contingency budget, the Secretariat provided the Budget Committee with historical data on the use of supplementary budgets for unplanned board items that showed a total amount of supplementary budgets for lower years around 1% and for higher years around 2%. In the future, the Secretariat hopes to provide the Budget Committee with forward looking information on the board workplan and projected costs associated with those items.

47. Another important point to acknowledge is that the Secretariat is intends to identify appropriate comparators for both its entire budget and individual lines within the budget, and furthermore, benchmarks for ratios like efficiency. This has always been a challenge because GCF truly is a unique organization and a likely outcome is that the right benchmark is a weighted mix of a basket of comparators from several types (e.g. fund of funds, Bank). The selection of a benchmark(s) needs to be done carefully to allow for stability from year to year to avoid the perception that the benchmark is being adjusted arbitrarily to present GCF's performance in a biased manner. Establishing this benchmark(s) is a priority for GCF and the Secretariat hopes to have something to present before the next multi-year budget process.

### 5.3 GCF Trustee (World Bank) workplan and estimated costs for 2025-2027 (as submitted by the Trustee)

**Table 7: Estimated Costs for 2025-2027 (USD in thousands)**

Code	A Budget category/ subcategory	B 2024 Approved budget	C 2024 Forecast	D Proposed 2025 budget	E= (D- C)÷C % change over 2024 Forecast	F Proposed 2026 budget	G Proposed 2027 budget	H= (F- D)÷D % change over 2025 proposed	I=(G-F)÷F % change over 2026 proposed	J 3 Year CAGR
1.1	Financial & program management	971	971	936	-4%	923	951	-1%	3%	-1%
1.2	Investment management	3,375	3,375	3,629	8%	3,780	3,388	4%	-10%	0%
1.3	Accounting & reporting	83	83	83	0%	86	89	4%	3%	2%
1.4	Legal services	102	102	102	0%	106	110	4%	4%	3%
	<b>Grand Total</b>	<b>4,531</b>	<b>4,531</b>	<b>4,750</b>	<b>5%</b>	<b>4,895</b>	<b>4,538</b>	<b>3%</b>	<b>-7%</b>	<b>0%</b>

#### Description of the CY2025 Workplan:

48. The World Bank as Trustee provides a range of services for the Green Climate Fund (GCF) as defined in the Terms and Conditions for the Administration of the GCF Trust Fund. The budget for the trustee services provided to GCF is presented in four categories i.e., Financial and Program Management, Investment Management, Accounting and Reporting and Legal Services.

49. In accordance with the GCF Board's approval of the updated Accounting and Budgeting Framework in March 2024, and pursuant to discussions with the GCF secretariat, the Trustee Budget estimate for CY2025 is being presented for approval, and alongside this, projections for CY2026 and CY2027 budget amounts. The CY2026 and CY2027 Trustee budget projections are indicative and expected to be finalized prior to each budget year.

50. **Financial and Program Management** fee covers services related to management and execution of financial transactions, including receiving and processing of contributions, recording allocations and commitments, executing cash transfers to recipients using World Bank financial systems and procedures, and regular financial reporting for the GCF Trust Fund. It includes collaboration with the GCF Secretariat, responding to day-to-day enquiries from the Secretariat, Contributors and other GCF constituencies and stakeholders, as well as ad hoc advisory and customized services as agreed with the GCF Secretariat.



## GCF and Trustee Systems Integration

51. Following the selection by GCF of its Enterprise Resource Planning (ERP) provider in CY2023, the GCF Secretariat and the Trustee have started the work on the integration of GCF and Trustee systems with the objective of facilitating the exchange of information and automating the reporting- and transaction-related processes.

52. An initial area of integration that was discussed with the GCF secretariat for implementation in CY2024 is the automated submission of monthly reports on activities in the GCF Trust Fund and submission of cash transfer requests and cash transfer status updates, which includes setting up and testing a secure encryption model between the Trustee and GCF Secretariat and will allow for a direct linkage between the GCF's ERP system and the Trustee system. This platform and foundation of connection has been established and is in its initial stages of implementation which will continue through CY2024 and beginning of CY2025.

53. Consultations around other possible areas of integration and sequencing of implementation will continue in CY2025 following the implementation of the initially agreed scope of integration.

54. A budget of US\$ 40,000 for CY2025 is included for this workstream under the Financial and Program Management category, subject to adjustment by end-2025 based on actual costs for the workstream.

55. Investment Management fees are calculated based on a flat fee of 4.5 basis points (i.e. 0.045%) of the estimated average annual balance of the undisbursed cash in the GCF Trust Fund. For the purpose of the budget estimate for CY2025, an average annual cash balance of US\$ 8 billion is assumed, based on information provided by the GCF Secretariat. Actual investment management costs may vary depending on the actual average liquidity balance in the GCF Trust Fund during CY2025.

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

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

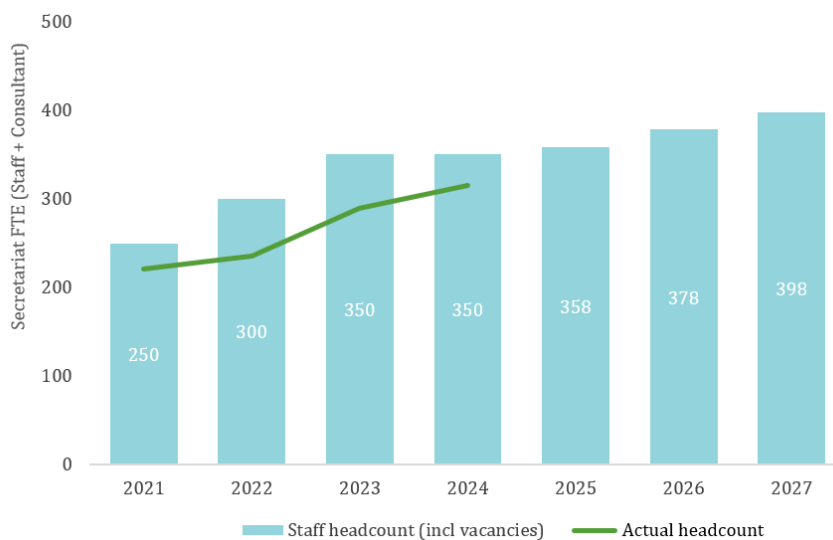
### **CY2026-2027 Indicative Budget Estimates:**

58. The indicative budget estimates for CY2026-2027 assume the same level of activity for each of the Trustee services, adjusted for a 3% inflation factor, and average annual cash balances of US\$ 8.4 billion and US\$ 7.5 billion during CY2026 and CY2027, respectively, based on the GCF Secretariat's projections. The estimates do not include projected costs for systems integration. Such costs will be reflected in future budgets as needed based on the outcome of the consultations with the GCF Secretariat.

## VI. Secretariat Staffing from 2021 to 2027

59. The last review of the Secretariat’s staffing was completed in 2021 and resulted in a Board decision establishing a Secretariat headcount of 300 positions for 2022 and 350 staff for 2023 (B.30/06) to support delivery of USP-1. Including Consultants, the Secretariat projected a full time equivalent (FTE) workforce of 380 in 2022, and 437 in 2023 (not including Interns or Firms), with an intention to minimize the reliance on consultants over time. Over the past three years, the Secretariat has executed its work programme with staff levels well within the headcount approved in 2023.

**Figure 3: Secretariat staffing from 2021 to 2027**



60. The 2022-2023 increases focused on additional capabilities in public sector and private sector programming teams; supporting the Secretariat’s ability to more closely engage countries and direct access entities on programming and manage a substantially growing portfolio while dealing with increasing complexity. As a result, the Secretariat was able to deliver value in several areas, including **enhanced support for countries and DAEs**. As “more than a financial pass-through entity”, co-creation and collaboration is both critical to GCFs mission and introduces complexities to effectively execute. Since 2022, 17 new DAEs have been approved and the Fund has increased direct engagement with countries and operationalised new modalities.

61. The Fund was also able to progress **more complex projects and approve them more quickly**, with 117 projects and USD6.45 billion in funding approved since the last review of Secretariat staffing. This includes stronger adaptation and direct access programming, and diversification of private sector portfolio. In 2023 the Fund **reached new milestones in portfolio growth**, becoming a USD 15 billion fund with >200 projects under implementation across more than 130 countries.

62. GCF is also **delivering comprehensive policy reform in key areas** including access, partnership, risk and institutional matters, reducing complexity while embracing best practices. Taking a more sustainable and predictable, multi-cycle approach to prioritizing, preparing and consulting on Board papers allows the Board to take timely decisions on key policy issues, reducing frequent and destabilizing policy change.

63. Along with these achievements, the Secretariat observed that increases in programming capacity resulted in critical functions lacking the capacity to keep pace, including safeguards. In

addition, institutional functions which did not benefit from the scale up of staff for USP-2 delivery have seen bottlenecks in some processes; and the Secretariat has been making use of short-term solutions to bridge this.

64. The proposed increase in staffing for 2025 to 2027 reflected in the budget includes a progressive increase in staff, with an average headcount of 345 in 2025, 370 in 2026 and 390 in 2027. This will enable the Secretariat to address gaps in critical functions and build into non-programming capabilities which are fundamental for the funds long term success; as well as address areas of focus necessary for the delivery of USP-2. Additional staff in 2025 will be focused on capabilities in MEL, safeguarding, risk, finance, treasury, data and policy. The Secretariat will continue to refine staff requirements for 2026 and 2027 as more data is available on the impact of efficiencies, streamlined processes and the updated structure of the Secretariat, informed by appropriate benchmarking.

65. The Funds growth trajectory from USD 8.8 billion in 2021, to USD 15 billion in 2023 and USD 25 billion in 2027, also has a direct impact on the Secretariat workload, staffing model and needs. Scaling of programming capacity will occur largely through efficiencies, including a new organisation design, Efficient GCF and maturing operational excellence framework.

66. This year, KPMG analysed Secretariat workforce capacity and found that in 2023 the Secretariat delivered the work of 333.2 FTE Staff and 77 FTE Consultants, with a staff of 290 FTE and 40 FTE HQ Consultants– a delta of 80 FTE absorbed by remote/roster consultants, interns and Secretariat staff working beyond capacity.

67. While the Secretariat would continue to engage consultants in priority areas where it is efficient to use more flexible consultant positions, such as for timebound projects, supplementing capacity for ‘surge’ periods of work, rosters of experts and supplementing specialized expertise; a growth in staff numbers is key to enable the Secretariat to ensure that the Consultant share of FTE does not increase, with required capacity to execute and scale.

## VII. 2025-2027 Secretariat work programme results framework

The table below sets out the proposed streamlined results framework for the 2025-2027 Secretariat work programme. Each objective has intended outcomes the Secretariat will work toward over the three-year period, with key deliverables planned each year. The Secretariat will continue tracking performance through the Report on the Activities of the Secretariat.

#	Intended outcomes	2025 deliverables	2026 deliverables	2027 deliverables
<b>1. Enhancing country ownership and access</b>				
1.A	Reformed & simplified access and partnership modalities	<ul style="list-style-type: none"> <li>Present complete set of accreditation policy reforms, including updated fiduciary standards, by B.41</li> <li>Present monitoring &amp; accountability framework by B.42</li> <li>Complete processing of accreditation pipeline backlog*</li> </ul>	<ul style="list-style-type: none"> <li>Mainstream implementation of reformed accreditation modality and monitoring &amp; accountability framework</li> <li>Issue screening report for newly submitted AE applications within ninety business days*</li> <li>Present review of PSAA to the Board</li> </ul>	<ul style="list-style-type: none"> <li>Examine opportunities for further streamlining accreditation &amp; PSAA in preparation for GCF-3</li> <li>Total of 198 AEs in the GCF network, of which 130 are DAEs</li> </ul>
1.B	Strengthened country platforms for NDC/NAP/LTS implementation and inclusive, country-driven origination of GCF pipeline with suitable AEs	<ul style="list-style-type: none"> <li>Present update of country ownership guidelines (including no objection procedure) and programmatic approach by B.43</li> <li>Develop investment pipeline with at least 25 developing countries to advance implementation of NDCs/NAPs/LTS</li> <li>Pilot country platform approach with interested countries</li> <li>Respond to 100% of GCF placement requests</li> </ul>	<ul style="list-style-type: none"> <li>Develop investment pipeline with at least 25 developing countries to advance implementation of NDCs/NAPs/LTS</li> <li>Respond to 100% of GCF placement requests</li> <li>Present update to GCF ESS and review inclusion (gender, indigenous peoples) policies</li> </ul>	<ul style="list-style-type: none"> <li>Develop investment pipeline with at least 25 developing countries to advance implementation of NDCs/NAPs/LTS</li> <li>Respond to 100% of GCF placement requests</li> <li>Conduct assessment of country-led approach</li> <li>Update RPSP strategy &amp; budget for 2028-2031</li> </ul>
1.C	Strengthened DAE capacity for climate programming & implementation	<ul style="list-style-type: none"> <li>Full operationalization of the new RPSP DAE modality</li> <li>Respond to 100% of requests under DAE support window</li> </ul>	<ul style="list-style-type: none"> <li>Respond to 100% of requests under DAE support window</li> <li>Review and improve capacity building strategy and instruments to support effective DAE programming engagement, including peer to peer learning</li> </ul>	<ul style="list-style-type: none"> <li>Respond to 100% of requests under DAE support window</li> <li>29 new DAEs with approved FP cumulative 2024-2027 (doubling the number of new DAEs with approved FPs)</li> </ul>
1.D	Simpler and more streamlined GCF policies and processes	<ul style="list-style-type: none"> <li>Review projects from concept to Board approval in nine months or less†</li> <li>Extend Efficient GCF to post-approval and corporate processes</li> </ul>	<ul style="list-style-type: none"> <li>Evolve Efficient GCF into operations excellence framework</li> <li>Complete second overall policy review focusing on policy coherence and impact</li> <li>Develop client experience action plan</li> </ul>	<ul style="list-style-type: none"> <li>Mature operational excellence framework with 10% measured gains in efficiency annually</li> <li>Review and update SAP policy</li> </ul>
<p>*Subject to approval of the RAF at B.40, being effective from August 2025</p> <p>Associated progress indicators:</p> <ul style="list-style-type: none"> <li>Share of AEs/DAEs in AE network actively programming (approved PPF or FP) with GCF</li> <li>Reduction in the accreditation pipeline backlog</li> <li>Share of approved readiness programme grants being deployed for investment planning and GCF pipeline development</li> <li>Share of new concept notes/funding proposals entering the GCF pipeline (CIC-2 cleared) from country-led channels, including country programmes</li> </ul> <p>†To accomplish this, the Secretariat will:</p> <ul style="list-style-type: none"> <li>Screen newly submitted Concept Notes within six weeks</li> <li>Appraise newly submitted Funding Proposal packages within six months</li> </ul>				

#	Intended outcomes	2025 deliverables	2026 deliverables	2027 deliverables
<b>2. Delivering impact and results</b>				
2.A	Pipeline management & programming aligned with country priorities & GCF-2 results and allocation targets	<ul style="list-style-type: none"> <li>41-50 FPs submitted to ITAP, including through the use of RPSP support and aligned with country investment pipelines</li> <li>Implement policy on financing of results-based payments for REDD+ (subject to Board approval)</li> </ul>	<ul style="list-style-type: none"> <li>41-56 FPs submitted to ITAP, including through the use of RPSP support and aligned with country investment pipelines</li> </ul>	<ul style="list-style-type: none"> <li>41-61 FPs submitted to ITAP, including through the use of RPSP support and aligned with country investment pipelines</li> <li>Deliver 40% increase in programming output by FP number relative to GCF-1 (cumulative 2024-2027)</li> <li>Review qualitative re-alignment of GCF-3 pipeline with country-GCF climate programming priorities</li> </ul>
2.B	Strengthened access to adaptation finance for underserved countries & people/communities most impacted by climate change	<ul style="list-style-type: none"> <li>Implement programming approach to reach at least 5 underserved countries with new FP approvals</li> <li>Roll out LLA approach and guidelines, targeting approval of at least 3 FPs with strong LLA components</li> <li>Complete diagnostic on vulnerability, examining intra-country and intersectional dimensions and impacts</li> <li>Establish new IPAG Workplan including opportunities for strengthening IP access to climate finance</li> </ul>	<ul style="list-style-type: none"> <li>Reach an additional 5-10 underserved countries</li> <li>Approval of at least 5 FPs with strong LLA components</li> </ul>	<ul style="list-style-type: none"> <li>Reach total of 15-25 underserved countries (cumulative 2024-2027)</li> <li>Approval of 15+ FPs with strong LLA components and support 60 countries on CIEWS (cumulative 2024-2027)</li> <li>Establish updated programming strategy on adaptation and vulnerability for GCF-3</li> </ul>
2.C	Enhanced private sector engagement & mobilization of finance for climate action	<ul style="list-style-type: none"> <li>Submit 13-15 private sector funding proposals to ITAP, representing 40% of the new funding proposals sent to ITAP</li> <li>Define strategic investment partnerships roadmap</li> <li>Convene flagship GCF Private Investment for Climate Conference</li> </ul>	<ul style="list-style-type: none"> <li>Submit 13-17 private sector funding proposals to ITAP, representing 40% of the new funding proposals sent to ITAP</li> <li>Conduct 4-5 regional roadshows to convene private sector and country actors</li> </ul>	<ul style="list-style-type: none"> <li>Approved private sector projects account for 40% of the GCF-2 portfolio</li> <li>Convene flagship GCF Private Investment for Climate Conference</li> <li>Review implementation of private sector strategy and prepare pipeline and business case report</li> </ul>
2.D	Strengthened systems for managing the portfolio for impact, results, knowledge and learning	<ul style="list-style-type: none"> <li>Embed risk-based portfolio management approach, including regional dashboards with risk-based indicators</li> <li>Develop updated monitoring &amp; accountability framework (MAF) &amp; policy on restructuring &amp; cancellation (PRC) by B.42</li> <li>Develop MEL strategy for 2025-2027, including knowledge management framework</li> </ul>	<ul style="list-style-type: none"> <li>Rollout implementation of updated MAF and PRC</li> <li>Enable the ability to generate live country and regional portfolio reviews, and reviews of AE implementation performance</li> <li>Review effectiveness of results management framework</li> </ul>	<ul style="list-style-type: none"> <li>~85% of the portfolio under implementation</li> <li>Implement required updates to RRMF/IRMF for GCF-3</li> <li>Publish flagship report on GCF-2 results, impact and learning to inform GCF-3 strategy development</li> </ul>
2.E	Strengthened leadership on climate finance & enhanced performance of the climate finance architecture	<ul style="list-style-type: none"> <li>Execute communications, outreach and advocacy strategy, including two 360-degree advocacy campaigns, flagship publications and strategic media partnerships program</li> <li>Launch refreshed GCF website</li> <li>Enhanced UNFCCC engagement and COP30 engagement strategy</li> <li>Enhanced engagement between MDBs, MCFs, heads of IFIs and engagement with fund for responding to loss and damage</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing implementation of communications, outreach and advocacy strategy, including two 360-degree advocacy campaigns, streaming series and flagship publications</li> <li>Deliver COP31 engagement strategy and mobilize champions for GCF-3 replenishment</li> <li>Progress collaboration between MDBs, MCFs and wider finance architecture, including harmonization initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing implementation of communications, outreach and advocacy strategy to support GCF-3 replenishment</li> <li>Deliver COP32 engagement strategy</li> </ul>
Associated progress indicators: <ul style="list-style-type: none"> <li>Progress toward delivery of USP-2 programming directions and portfolio allocation parameters</li> <li>Proportion of projects with challenges on which action is taken during the year (proactivity index)</li> <li>Share of approved portfolio for which case studies on results, success stories, and/or lessons learned have been generated</li> <li>Improved brand awareness</li> </ul>				

#	Intended outcomes	2025 deliverables	2026 deliverables	2027 deliverables
<b>3. Focusing on people and institutional strengthening</b>				
3.A	Alignment of institutional capacity, and organizational culture with the GCF strategy and value	<ul style="list-style-type: none"> <li>• Present full package of updated staff rules and salary structure to B.41 and implement via 2025 budget process</li> <li>• Develop ethics and value-based Code of Conduct</li> <li>• Present proposal on regional presence to B.41, integrating findings from study on multilingualism</li> </ul>	<ul style="list-style-type: none"> <li>• Update People &amp; Culture plan to align with organizational and policy settings</li> <li>• Mainstream real-time corporate performance monitoring and feedback loops with full ERP rollout</li> <li>• Complete ERP workforce planning integration and evolution of unit-costing to support data-driven budgeting</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver 3-year track record of 90%+ budget execution</li> <li>• Prepare transition work plan &amp; budgeting for 2028-30</li> <li>• Review progress on Gender Action Plan</li> </ul>
3.B	Efficient and effective institutional systems and processes based on sound risk management and harnessing the power of data	<ul style="list-style-type: none"> <li>• Present phase I Risk Management Framework updates to B.42</li> <li>• Build Treasury function &amp; capacities for FX management, risk reports and equity investment management</li> <li>• Translate data vision/strategy into technology strategic plan 2025-2027, leveraging AI and data mining solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Present phase II Risk Management Framework policy updates</li> <li>• Review prohibited practices policies (IIU-led)</li> <li>• Launch of budget scoring for policy proposals and expansion of FX hedging with collateral management</li> </ul>	<ul style="list-style-type: none"> <li>• 3-year track record of unqualified external audit reports and financial reporting meets capital markets standards</li> <li>• Digital and data backbone in place for GCF to make use of state-of-the-art technological solutions</li> </ul>
3.C	Effective governance and support for the Board	<ul style="list-style-type: none"> <li>• Develop enhanced Board engagement tools, including calendar, document and decision-tracking system &amp; handover protocols</li> <li>• Conclude Review of Board Committees, Panels and Groups</li> <li>• Submit to B.43 of a comprehensive review of GCFs current approach to Ps&amp;Is</li> </ul>	<ul style="list-style-type: none"> <li>• Present updates to Information Disclosure Policy and Observer Guidelines</li> <li>• Support the Board in conducting an effectiveness review</li> </ul>	<ul style="list-style-type: none"> <li>• Develop handover protocols for Committees and Board membership and new Governance Manual.</li> </ul>
3.D	Successful resource mobilization underpinning delivery of the GCF's 50by30 vision	<ul style="list-style-type: none"> <li>• Present approach on resource mobilization from alternative sources to B.43</li> </ul>	<ul style="list-style-type: none"> <li>• Present GCF-3 replenishment process approach at B.45</li> <li>• Develop programming strategy for GCF-3 informed by horizon-scanning and learning on results</li> </ul>	<ul style="list-style-type: none"> <li>• Mobilize USD 17 billion in pledges for GCF-3 replenishment to enable the 50by30 vision</li> <li>• Present Strategic Plan 2028-2031</li> </ul>
Associated progress indicators: <ul style="list-style-type: none"> <li>• Increase in employee net promoter score from staff survey (employee satisfaction index)</li> <li>• Capacity savings from data and process automation and reform</li> <li>• Share of strategy/policy items on updated Board 2024-2027 workplan concluded</li> </ul>				

## Annex III: Output Based Budget

**Table 1: Output-based budget summary for 2025-2027 (USD in thousands)**

Strategic Objective Description	2025 Budgeted amount (USD in thousands)	2026 Budgeted amount (USD in thousands)	2027 Budgeted amount (USD in thousands)
<b>01-Enhancing country ownership and access</b>	25,007	27,909	30,407
<b>02-Delivering impact and results</b>	45,688	49,796	52,510
<b>03-Focusing on people and performance</b>	41,808	44,866	47,316
<b>Total</b>	<b>112,502</b>	<b>122,572</b>	<b>130,233</b>

**Table 2: Output-based budget details for 2025-2027 (USD in thousands)**

Strategic Objective Description	2025 Budgeted amount (USD in thousands)	2026 Budgeted amount (USD in thousands)	2027 Budgeted amount (USD in thousands)
<b>01-Enhancing country ownership and access</b>	<b>23,838</b>	<b>26,632</b>	<b>28,917</b>
Full-time Staff	16,178	17,952	19,440
Consultants	711	765	800
Travel	1,800	2,165	2,338
Contractual Services	1,462	1,565	1,625
Other Operating Costs	3,688	4,185	4,714
<b>02-Delivering impact and results</b>	<b>48,231</b>	<b>52,345</b>	<b>55,003</b>
Full-time Staff	32,753	34,650	36,137
Consultants	1,541	1,611	1,642
Travel	1,345	1,590	1,705
Contractual Services	5,126	6,417	6,754
Other Operating Costs	7,466	8,077	8,764
<b>03-Focusing on people and performance</b>	<b>40,434</b>	<b>43,595</b>	<b>46,312</b>
Full-time Staff	28,171	30,039	31,526
Consultants	2,040	2,097	2,101
Travel	669	751	789
Contractual Services	3,132	3,705	4,250
Other Operating Costs	6,422	7,002	7,646
<b>Total</b>	<b>112,502</b>	<b>122,572</b>	<b>130,233</b>

### Annex IV: Total administrative budget including independent units (USD in thousands)

Code	A Budget category/ subcategory	B 2024 Approved budget	C 2024 Forecast	D Proposed 2025 budget	E= (D-C)÷C % change over 2024 Forecast	F Proposed 2026 budget	G Proposed 2027 budget	H= (F-D)÷D % change over 2025 proposed	I=(G-F)÷F % change over 2026 proposed	J 3 Year CAGR
1	Board	5,947	4,549	5,395	19%	5,440	5,515	1%	1%	7%
2	Secretariat	101,519	96,626	112,502	16%	122,572	130,233	9%	6%	10%
3	Trustee	4,531	4,531	4,750	5%	4,895	4,538	3%	-7%	0%
4	Board Contingency (1.5%)	0	0	1,906	n/a	n/a	n/a	n/a	n/a	n/a
5	Emergency Contingency (2%)	1,999	0	2,541	n/a	2,766	2,916	9%	5%	n/a
6	Independent Units	13,427	12,302	14,543	18%	15,749	15,569	8%	-1%	8%
	Independent Redress Mechanism	2,015	1,939	2,713	40%	3,045	3,141	12%	3%	17%
	Independent Integrity Unit	3,676	3,623	3,959	9%	4,459	4,450	13%	0%	7%
	Independent Evaluation Unit	7,735	6,739	7,872	17%	8,245	7,978	5%	-3%	6%
	<b>Grand total</b>	<b>127,423</b>	<b>118,007</b>	<b>141,637</b>	<b>20%</b>	<b>151,422</b>	<b>158,770</b>	<b>7%</b>	<b>5%</b>	<b>10%</b>



## **Annex V: Financial plan of the GCF commitment authority for the second replenishment period**

### **I. Introduction**

1. The “Strategic Plan for the Green Climate Fund 2024–2027”, adopted through Board decision B.36/13, stresses the importance to ensure “predictability of resources available for programming,” and to maintain “clear expectations, through the Board’s setting of annual programming targets, on the volume of resources GCF will channel annually.”

2. The Board, in approving the “Updated policy for contributions to the Green Climate Fund for the second replenishment” through decision B.36/14, requested the Secretariat to “present a plan for the financial management of GCF’s commitment authority for the second replenishment programming period for consideration by the Board at its thirty-seventh meeting.”

3. At the thirty-seventh meeting of the Board (B.37), the Board took note of document GCF/B.37/Inf.15, in which the Secretariat outlined how the Secretariat intends to produce a financial plan for the second replenishment period of the GCF (GCF-2). The document explained how the GCF commitment authority is estimated and how commitments are planned. It also reviewed some of the lessons learned from developing and implementing the GCF-1 financial plan and provided some initial projections for 2024 based on the information available to date. Because many of the contribution agreements and schedules were still under negotiation at the time, it was not possible to produce a comprehensive plan to manage commitment authority for GCF-2. However, the Secretariat stated its aim to present a comprehensive plan for the efficient management of GCF-2 commitment authority to the Board at B.40, alongside the proposed budget and work programme for 2025.

4. This paper presents a plan for the financial management of commitment authority for GCF-2, including estimates of commitment authority and commitments per Board meeting between 2025 and 2027. The projections and assumptions are aligned with the budget and work programme for 2025–2027, and all figures are current as of 30 September 2024 unless noted. As was done during GCF-1, the Secretariat will update the financial plan regularly throughout GCF-2 and present regular updates to the Board through the Board portal.

### **II. Projected commitment authority**

5. The GCF commitment authority is calculated as the actual cash and promissory notes deposited in the GCF Trust Fund, minus the amounts committed through Board decisions on funding proposals and associated accredited entity (AE) fees, the Readiness and Preparatory Support Programme, the Project Preparation Facility, the administrative budget (including for the Board, Secretariat, independent units and Trustee) and the foreign exchange commitment risk buffer. For a detailed explanation of how GCF commitment authority is estimated, including descriptions of the various types of revenues and commitments, please refer to document GCF/B.37/Inf.15.<sup>2</sup>

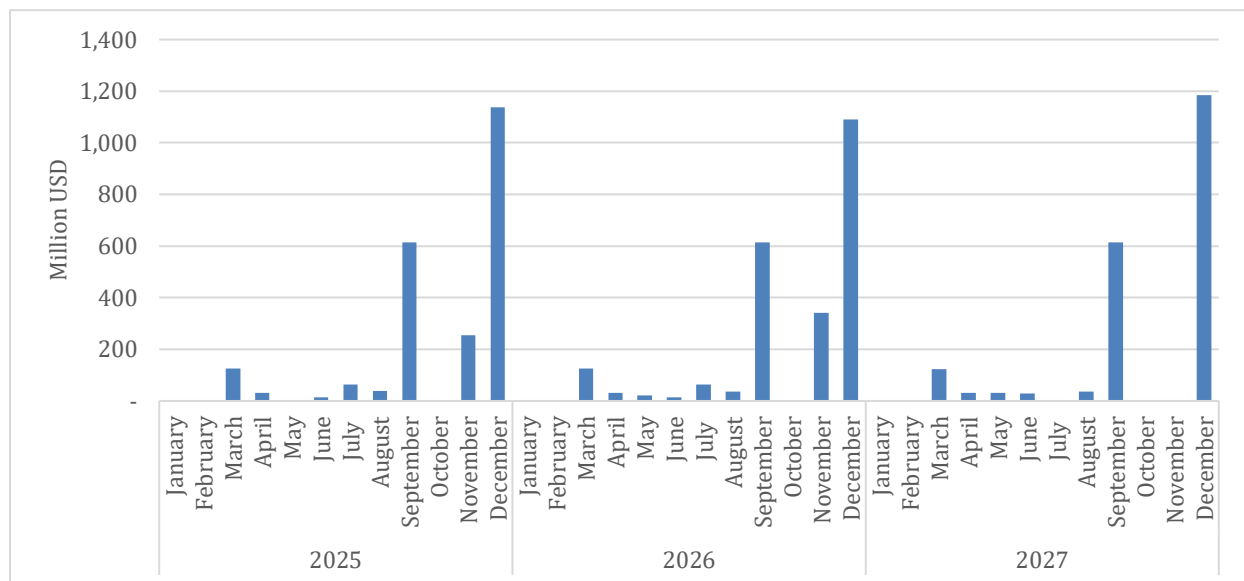
6. Uneven contribution payment schedules and varying dates of Board meetings present a challenge for managing commitment authority. Unless otherwise scheduled, the financial plan

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<sup>2</sup> <https://www.greenclimate.fund/document/gcf-b37-inf15>

assumes Board meetings will occur in February, June and October of each year. As shown in figure 1, the estimated payment schedules for contributions for 2025–2027 are clustered in December and, to a lesser extent, September.<sup>3</sup> As a result, the first meeting of each year will likely have the largest available commitment authority due to the large cluster of December contributions, while the second meeting of each year will typically have the lowest. As illustrated in Figure 1, approximately USD 1.1 billion in contribution payments are scheduled to arrive after the last Board meeting of GCF-2. To account for this, the GCF-2 financial plan will be extended to include any amounts committed at the fiftieth meeting of the Board scheduled for 2028.

**Figure 1: Estimated schedule of payments of pledges, 2025–2027**



7. During GCF-1, the Secretariat sought to mitigate the effects of uneven contribution payment schedules by working with contributors to adjust their payment schedules to earlier in the year and prior to the last Board meeting each year. The Secretariat will seek similar ‘frontloading’ agreements where practicable during GCF-2 by working closely with contributors and providing updates on the GCF commitment authority.

8. In addition to changes in contribution schedules as contribution agreements are finalised, GCF commitment authority may be further affected by:

- (a) Changes in foreign exchange rates affecting the USD-equivalent value of commitments and contributions. These foreign exchange rate changes are currently mitigated by the foreign exchange risk buffer and this mitigation is expected to shift to currency hedging as authorized through decision B.34/22 after implementation of GCF's foreign exchange hedging strategy;
- (b) Changes in interest rates affecting income generated by funds in the Trustee investment account;
- (c) Reflows received from GCF projects, including loan repayments and exits from equity positions; and

<sup>3</sup> This estimate includes confirmed GCF-2 pledges and unconfirmed pledges under active negotiations which the Secretariat anticipates will be confirmed within the next six months.

- (d) Decommitment of all or parts of funding decisions previously approved by the Board.

### III. Projected commitments

9. At its first two meetings during the GCF-2 period (B.38 and B.39), the Board committed USD 1.52 billion to funding proposals. Another USD 38 million in AE fees has been committed through funded activity agreement signings, as of 30 June 2024. Another batch of funding proposals totalling USD 1,011 million, along with administrative expenses totalling USD 315 million for 2025-2027, is being presented for Board consideration at the current meeting. The Secretariat projects another USD 22 million committed to AE fees by the end of the year for a total projected commitment of USD 2,902 million in 2024.

10. Beyond 2024, the Secretariat has developed three planning scenarios to account for a range of possibilities regarding available commitment authority and programming. As noted in document GCF/B.37/Inf.15, the Secretariat will aim for a notional resource allocation of 85 per cent of resources being committed to funding proposals.

11. Subject to available resources, the Secretariat will aim for a steadily increasing annual programming volume during GCF-2, as measured in US dollars committed to funding proposals. The average size of funding proposals is expected to rise over time as well, primarily due to the need for funding at scale. The Secretariat will aim to smooth its workload throughout the year, recognizing that the number and volume of funding proposals presented to the Board for its consideration will vary from one Board meeting to the next due to the different amounts of time between Board meetings (i.e. more funding proposals following a long interval, fewer FPs following a short interval), among other factors. The schedule of these commitments during GCF-2 will be aligned with the schedules of contribution payments and deposits to ensure GCF does not exceed its commitment authority at any time.<sup>4</sup>

12. The remaining commitments will go towards AE fees, additions to the foreign exchange buffer or collateral reserves required for currency hedging, and administrative expenses, which are aligned with the projected three-year budget and Secretariat work programme. It is important to note that the current strategy being pursued is to shift the existing foreign exchange buffer into collateral reserve before needing to commit any further commitment authority. Using commitment authority for foreign exchange hedging collateral is a much more efficient use of capital for these purposes than the foreign exchange buffer. After this shift is completed, the Secretariat will assess any additional commitment authority requirements, including a process for active collateral management.

13. At B.37, the Board committed a combined USD 591.8 million to the Readiness and Preparatory Support Programme and the Project Preparation Facility for the entire GCF-2 period.<sup>5</sup> Therefore, no additional commitments are projected for the Readiness Programme and Project Preparation Facility before the end of 2027 in any of the three scenarios, although a commitment would need to be made for these programmes in early 2028. The Secretariat will

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<sup>4</sup> According to Section VII of the Updated Policy for Contributions to the Green Climate Fund for the second replenishment, approved through decision B.36/14, it is expected that there will always be sufficient commitment authority available in the GCF Trust Fund to meet GCF obligations and support funding decisions, which will be made against the total amount of available resources in the form of cash and promissory notes in the GCF Trust Fund.

<sup>5</sup> Decisions B.37/21 and B.37/22, respectively.

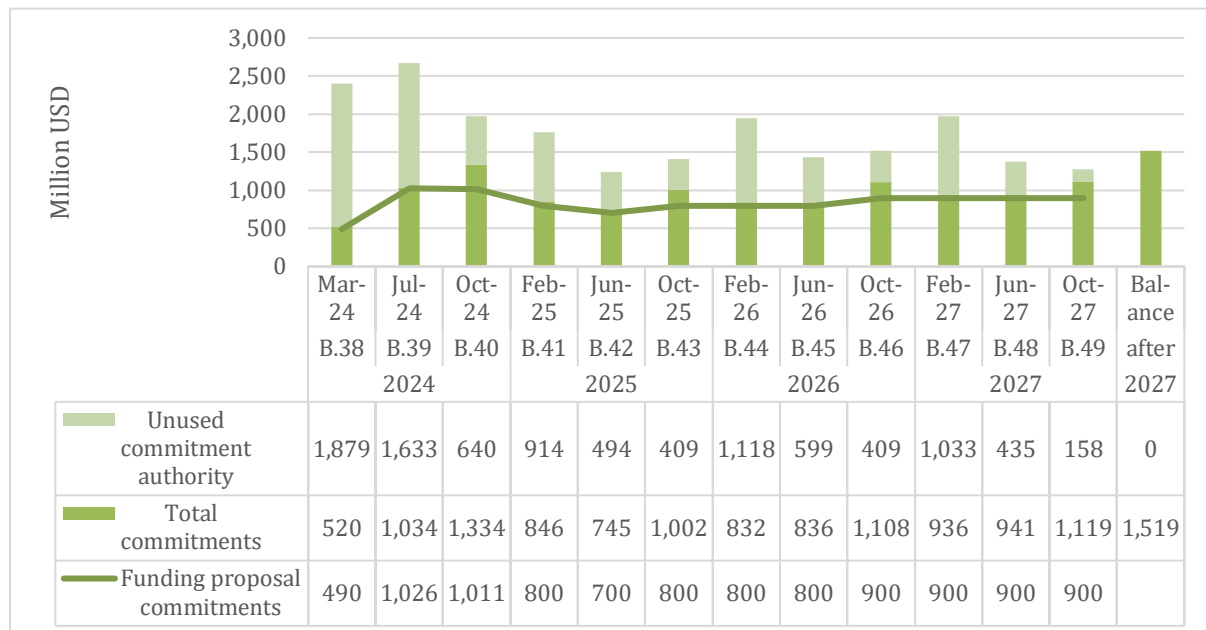
monitor the expenditures for both programmes throughout GCF-2 and make any updates to these assumptions if needed.

### 3.1 Base Scenario

14. The first planning scenario, titled the Base Scenario, includes all confirmed GCF-2 pledges and unconfirmed pledges under active negotiations which the Secretariat anticipates will be confirmed within the next six months, which is around USD 9.3 billion. Additionally, USD 1.2 billion was carried over from GCF-1, and another USD 2.2 billion is projected from reflows, investment income and decommitments, for a total estimated resource availability of USD 12.7 billion for GCF-2. It assumes that contribution payments are received according to these estimated schedules and steady revenue is received from reflows and investment income. As contribution agreements and schedules are signed for the unconfirmed pledges, the Secretariat will update the projections accordingly.

15. As shown in figure 2, this scenario projects increasing commitments to funding proposals each year – USD 2.3 billion in 2025, USD 2.5 billion in 2026, and USD 2.7 billion in 2027. Administrative expenses are projected in line with the proposed multi-year budget for 2025–2027. However, largely due to the volume of contributions expected to be received in December 2027, this scenario results in nearly USD 1.5 billion in commitment authority remaining at the end of 2027, which would carry over to GCF-3.

**Figure 2: GCF-2 estimated commitment authority and programming, Base Scenario**



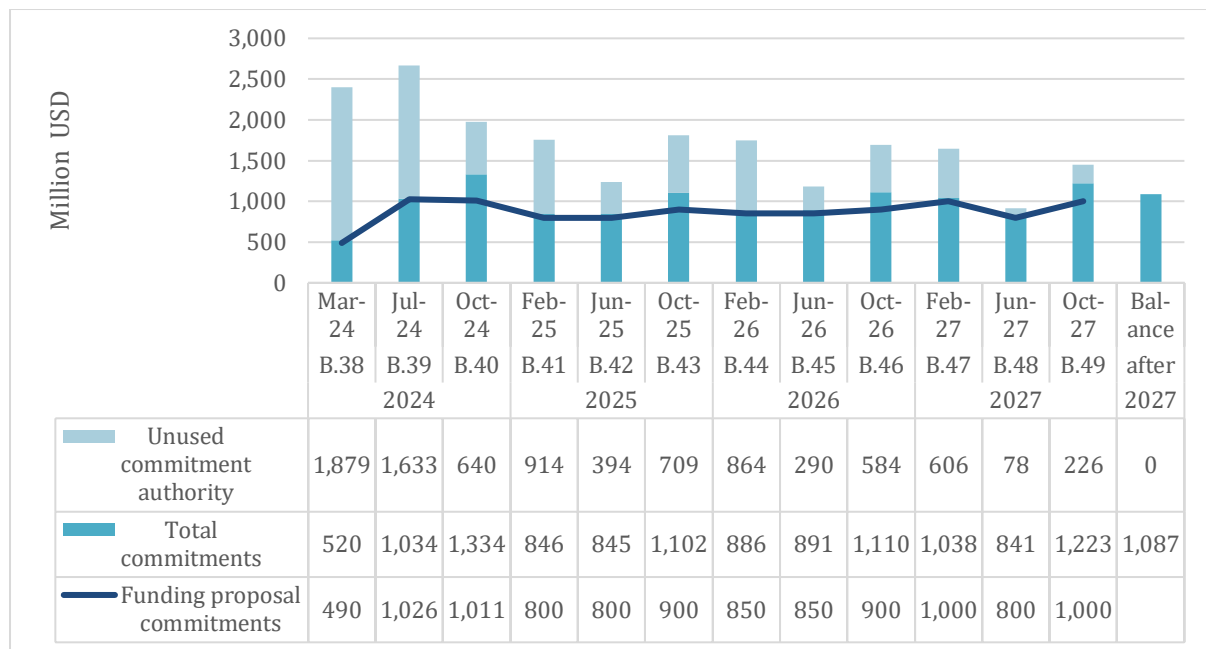
### 3.2 Frontloading Scenario

16. As described above, the Secretariat will work closely with contributors to frontload payments where practicable to use as many GCF-2 contributions as possible within the dedicated period ending in 2027. These assumptions are captured in the Frontloading Scenario, which served as the main planning scenario for the 2025–2027 Secretariat budget and work programme. This scenario has the same total estimated resources from all sources

(USD 12.7 billion), as it assumes the same anticipated contributions as the Base Scenario.<sup>6</sup> However, the Frontloading Scenario also assumes USD 500 million in contribution payments are moved from December to September in 2025, 2026 and 2027. As contribution agreements and schedules are signed for the unconfirmed pledges, the Secretariat will update the projections accordingly.

17. As shown in figure 3, funding proposal commitments increase from USD 2.5 billion in 2025 to USD 2.6 billion in 2026 to USD 2.8 billion in 2027. Because not all contributions can be moved earlier than December 2027, this scenario still results in approximately USD 1 billion remaining at the end of 2027, illustrating the importance of frontloading as many contributions as possible during this period. If contributors indicate they may be able to adjust the timing of a contribution, the Secretariat will update the projections accordingly.

**Figure 3: GCF-2 estimated commitment authority and programming, Frontloading Scenario**



### 3.3 Total GCF-2 Pledges Scenario

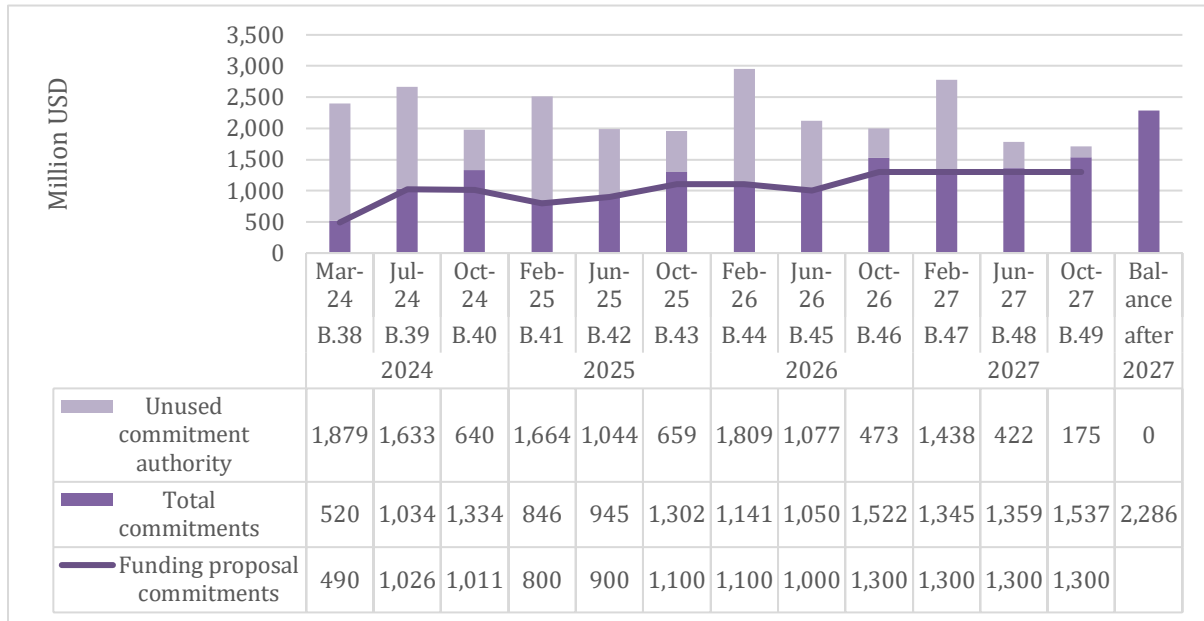
18. Although much progress has been made in concluding contribution agreements and schedules, there remain a few unconfirmed GCF-2 pledges for which contribution schedules cannot be estimated. A third scenario seeks to capture the impact of all GCF-2 pledges – approximately USD 12.8 billion. Combined with the USD 1.2 billion carryover from GCF-1 and the projected 2.2 billion in reflows, investment income and decommitments, the total estimated resources rounds to USD 16.1 billion. This scenario assumes payments of these additional contributions are made in 2025, 2026 and 2027. When these remaining contribution agreements and schedules are signed, the Secretariat will update the projections accordingly.

19. As shown in Figure 4, with the largest available commitment authority, this scenario results in the highest volume of commitments for funding proposals, with USD 2.8 billion in

<sup>6</sup> Confirmed GCF-2 pledges and unconfirmed pledges under active negotiations which the Secretariat anticipates will be confirmed within the next six months.

2025, USD 3.4 billion in 2026, and USD 3.9 billion in 2027. This scenario also results in more than USD 2 billion in remaining commitment authority at the end of 2027, suggesting that programming volumes could be increased further in this scenario if frontloading were also to be applied to these contributions.

**Figure 4: GCF-2 estimated commitment authority and programming, total GCF-2 Pledges Scenario**



20. The detailed projections for each scenario are shown Table 1, Table 2 and Table 3.

## IV. Detailed projections

**Table 1: Base Scenario, as of 30 September 2024**

Base Scenario:	2024			2025			2026			2027			Balance after 2027
	B.38 Mar-24	B.39 Jul-24	B.40 Oct-24	B.41 Feb-25	B.42 Jun-25	B.43 Oct-25	B.44 Feb-26	B.45 Jun-26	B.46 Oct-26	B.47 Feb-27	B.48 Jun-27	B.49 Oct-27	
No change in amount or timing of contributions													
<b><u>Projected commitment authority</u></b>													
Remaining commitment authority from previous Board meeting	1,161	1,879	1,633	640	914	494	409	1,118	599	409	1,033	435	158
Contributions received prior to the beginning of the Board meeting	1,018	397	97	931	174	803	1,370	180	815	1,409	221	750	1,153
Reflows from projects	2	66	12	20	16	12	20	16	12	20	16	12	20
Investment income <sup>a</sup>	146	261	113	170	136	102	151	121	91	132	106	79	189
Decommitted funds		64	119										
<b>Total commitment authority available for Board meeting</b>	<b>2,327</b>	<b>2,667</b>	<b>1,974</b>	<b>1,760</b>	<b>1,240</b>	<b>1,411</b>	<b>1,950</b>	<b>1,435</b>	<b>1,517</b>	<b>1,969</b>	<b>1,376</b>	<b>1,276</b>	<b>1,519</b>
<b><u>Projected commitments</u></b>													
Funding proposals	490	1,026	1,011	800	700	800	800	800	900	900	900	900	
Accredited entity fees <sup>b</sup>	30	8	22	46	45	36	32	36	36	36	41	41	
Readiness and Preparatory Support Project Preparation Facility													
Foreign exchange risk buffer/collateral reserve <sup>c</sup>													
Administrative expenses <sup>d</sup>			301			166			172			178	
<b>Total commitments</b>	<b>520</b>	<b>1,034</b>	<b>1,334</b>	<b>846</b>	<b>745</b>	<b>1,002</b>	<b>832</b>	<b>836</b>	<b>1,108</b>	<b>936</b>	<b>941</b>	<b>1,119</b>	

**Table 2: Frontloading Scenario, as of 30 September 2024**

Frontloading Scenario:	2024			2025			2026			2027			Balance after 2027
	B.38	B.39	B.40	B.41	B.42	B.43	B.44	B.45	B.46	B.47	B.48	B.49	
	Mar-24	Jul-24	Oct-24	Feb-25	Jun-25	Oct-25	Feb-26	Jun-26	Oct-26	Feb-27	Jun-27	Oct-27	
<b>USD 500 million in annual contributions moved from December to September (2025–2027)</b>													
<b><u>Projected commitment authority</u></b>													
Remaining commitment authority from previous Board meeting	1,161	1,879	1,633	640	914	394	709	864	290	584	606	78	226
Contributions received prior to the beginning of the Board meeting	1,018	397	97	931	174	1,303	870	180	1,301	909	191	1,280	653
Reflows from projects	2	66	12	20	16	12	20	16	12	20	16	12	20
Investment income <sup>a</sup>	146	261	113	170	136	102	151	121	91	132	106	79	189
Decommitted funds		64	119										
<b>Total commitment authority available for Board meeting</b>	<b>2,327</b>	<b>2,667</b>	<b>1,974</b>	<b>1,760</b>	<b>1,240</b>	<b>1,811</b>	<b>1,750</b>	<b>1,181</b>	<b>1,694</b>	<b>1,644</b>	<b>918</b>	<b>1,449</b>	<b>1,087</b>
<b><u>Projected commitments</u></b>													
Funding proposals	490	1,026	1,011	800	800	900	850	850	900	1,000	800	1,000	
Accredited entity fees <sup>b</sup>	30	8	22	46	45	36	36	41	38	38	41	45	
Readiness and Preparatory Support													
Project Preparation Facility													
Foreign exchange risk buffer/collateral reserve <sup>c</sup>													
Administrative expenses <sup>d</sup>			301			166			172			178	
<b>Total commitments</b>	<b>520</b>	<b>1,034</b>	<b>1,334</b>	<b>846</b>	<b>845</b>	<b>1,102</b>	<b>886</b>	<b>891</b>	<b>1,110</b>	<b>1,038</b>	<b>841</b>	<b>1,223</b>	



**Table 3: Total GCF-2 Pledges Scenario, as of 30 September 2024**

<b>Total GCF-2 Pledges Scenario:</b>	<b>2024</b>			<b>2025</b>			<b>2026</b>			<b>2027</b>			<b>Balance after 2027</b>
	B.38 Mar-24	B.39 Jul-24	B.40 Oct-24	B.41 Feb-25	B.42 Jun-25	B.43 Oct-25	B.44 Feb-26	B.45 Jun-26	B.46 Oct-26	B.47 Feb-27	B.48 Jun-27	B.49 Oct-27	
Unscheduled pledges paid each January (2025–2027)													
<b><u>Projected commitment authority</u></b>													
Remaining commitment authority from previous Board meeting	1,161	1,879	1,633	640	1,664	1,044	659	1,809	1,077	473	1,438	422	175
Contributions received prior to the beginning of the Board meeting	1,018	397	97	1,681	174	803	2,120	180	815	2,159	221	1,198	1,903
Reflows from projects	2	66	12	20	16	12	20	16	12	20	16	12	20
Investment income <sup>a</sup>	146	261	113	170	136	102	151	121	91	132	106	79	189
Decommitted funds		64	119										
<b>Total commitment authority available for Board meeting</b>	<b>2,327</b>	<b>2,667</b>	<b>1,974</b>	<b>2,510</b>	<b>1,990</b>	<b>1,961</b>	<b>2,950</b>	<b>2,126</b>	<b>1,994</b>	<b>2,783</b>	<b>1,781</b>	<b>1,711</b>	<b>2,286</b>
<b><u>Projected commitments</u></b>													
Funding proposals	490	1,026	1,011	800	900	1,100	1,100	1,000	1,300	1,300	1,300	1,300	
Accredited entity fees <sup>b</sup>	30	8	22	46	45	36	41	50	50	45	59	59	
Readiness and Preparatory Support Project Preparation Facility													
Foreign exchange risk buffer/collateral reserve <sup>c</sup>													
Administrative expenses <sup>d</sup>			301			166			172			178	
<b>Total commitments</b>	<b>520</b>	<b>1,034</b>	<b>1,334</b>	<b>846</b>	<b>945</b>	<b>1,302</b>	<b>1,141</b>	<b>1,050</b>	<b>1,522</b>	<b>1,345</b>	<b>1,359</b>	<b>1,537</b>	

**Notes:**

- a. Investment income will vary depending on market conditions.
- b. Accredited entity fees are estimated based on assumed 5 per cent average across all proposals.
- c. The actual amount and need for the foreign exchange commitment risk buffer and/or the collateral reserve for hedging will be determined by global market conditions.

Based on the proposed multi-year administrative budgets for the Board, Secretariat and independent units for 2025–2027.

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