

Annex X: Methodology and Assumptions on Estimated Budget

1. The details of the application of the new salary scales, and the proposed process for alignment are set out below, together with both gross, and net budgetary implications.
2. To align the GCF IS salary scale with ADB, it is proposed to increase the salary scales as provided in Table 8, below. Once the new salary scale is in effect and as outlined in the AGHR, the Executive Director (ED) will decide on an increase for each staff member. The salary increase for each staff member will reflect a salary scale adjustment only. The ED will then present the overall salary increase budget to the Board for approval. Once approved, the salary increases would be applied effective 1 January 2023.

Table 8: Proposed GCF IS Salary Scale Effective 1 January 2023 (USD)

Level	Min	Mid	Max
IS1	83,200	91,520	99,840
IS2	91,970	105,800	119,530
IS3	104,000	122,220	140,370
IS4	123,770	145,450	167,090
IS5	138,750	166,480	194,210
IS6	163,790	196,500	229,280
IS7	189,390	227,290	265,120
IS8	220,870	265,060	309,210
IS9	252,390	302,870	353,380
IS10	271,500	325,760	380,120

3. To align the GCF AS salary scale with the WB salary scale, it is proposed to increase the salary scale as provided in Table 9 below. A similar approach to IS salary increases would be conducted for existing AS staff.

Table 9: Proposed GCF AS Salary Scale Effective 1 January 2023 (KRW)

Level	Min	Mid	Max
ASA	32,440,000	46,340,000	60,240,000
ASB	38,680,000	55,210,000	71,740,000
ASC	43,830,000	62,620,000	81,410,000
ASD	53,220,000	76,070,000	98,920,000

4. Salary scale migration may take various forms. However, a simplified approach will be taken to migrate to the new scales. The approach, as well as the gross budgetary impact, and the net budgetary impact (once reductions in merit increases for 2023 are taken into account) are set out below.

5. Every individual salary has a corresponding “compa-ratio”. The “compa-ratio” refers to the ratio of the individual salary relative to the midpoint of a salary range. When salary scales are at competitive levels, the midpoint represents the market value of the position. Therefore, an individual’s position in the range represents a competitive position. The compa-ratio varies from one employee to the other and depends on the employee’s starting salary at the point of hire, combined with any merit increases and other forms of salary adjustments during the service period. In order to maintain internal equity when salary scales are updated, the individual’s current position, i.e., the compa-ratio, in the salary range will be maintained. To illustrate:

Staff member’s annual base salary in 2022 at IS-4 (A)	\$ 133,250.00
Current IS-4 Midpoint	\$ 134,600.00
Current compa-ratio	98.997%
New IS-4 Midpoint	\$ 150,100.00
New compa-ratio	88.774%
Additional salary to bring back to 99% compa-ratio (B)	\$ 15,344.54
Migrated annual base salary (A) + (B)	\$ 148,594.54

6. Once the adjusted salary scales are approved, it is proposed that they would be applied to both new hires and existing staff on a relative basis in order to ensure equity and fairness, in line with the principles of the AGHR. This rationale is set out in more detail in GCF/B.33/14. Based upon current and anticipated staffing, the gross budgetary implications of re-aligning the salary scales would amount to USD 4,982,049 (USD 4,658,742 for the Secretariat and USD 323,307 for the Independent Units).

	# of Positions	Average Compa-ratio at Minima	Average Compa-ratio at Maxima	Average of Current Compa-ratio	Average of New Compa-ratio	Additional Salary Budget	Additional Benefits Budget	Total Additional Budget
Secretariat	315	83.10%	116.90%	93.20%	84.67%	3,906,661	752,082	4,658,742
Filled	220	82.94%	117.06%	96.85%	88.01%	2,762,524	531,590	3,294,114
IS-7 to IS-9	15	83.34%	116.68%	91.08%	81.82%	432,344	82,519	514,863
IS-4 to IS-6	97	84.14%	115.89%	94.89%	85.23%	1,554,238	299,532	1,853,770
IS-1 to IS-3	74	87.22%	112.74%	100.02%	92.81%	593,118	114,305	707,424
AS-C to AS-D	25	70.02%	129.98%	96.70%	87.41%	136,239	26,256	162,495
AS-A to AS-B	9	70.08%	129.92%	101.88%	90.64%	46,585	8,978	55,563
Recruitment	95	83.47%	116.52%	84.73%	76.94%	1,144,137	220,491	1,364,628
IS-7 to IS-9	9	83.34%	116.66%	83.34%	74.90%	184,769	35,609	220,377
IS-4 to IS-6	50	83.85%	116.17%	83.85%	75.34%	724,409	139,605	864,014
IS-1 to IS-3	28	86.68%	113.25%	86.68%	80.55%	193,969	37,378	231,347
AS-C to AS-D	8	70.03%	129.97%	85.00%	76.57%	40,990	7,900	48,890
Independent Units	29	84.05%	115.95%	91.81%	84.07%	271,067	52,240	323,307
Filled	29	84.05%	115.95%	91.81%	84.07%	271,067	52,240	323,307
IS-4 to IS-6	11	84.49%	115.56%	90.64%	81.38%	165,978	31,987	197,965
IS-1 to IS-3	13	89.07%	110.89%	95.38%	88.89%	84,110	16,210	100,320
AS-C to AS-D	5	70.02%	129.98%	85.13%	77.44%	20,979	4,043	25,022
Grand Total	344	83.18%	116.82%	93.08%	84.62%	4,177,728	804,321	4,982,049

7. A total of 344 positions were used to estimate the additional budget requirement. Of the total, 315 fall under the Secretariat, split between 220 filled positions and 95 under active recruitment. The remaining 29 filled positions belong to the Independent Units.

8. By employing a structured migration approach to the new salary scale, the Secretariat will preserve equitable levels of pay as the methodology will ensure transparent, fair and equal treatment for all. In addition to the possible legal liability, deviating from this standard will result to salary compression around the minimum, dilute the impact of previous performance, and result to having 93 staff members spread across IS-1 to IS-9 with salaries below the minimum of the new scale.

9. It should be noted however that the total net additional budget request from the Board for 2023 is lower than the gross figures reflected in the table above since savings would be realised through reduction of budget set aside for merit increases to update the salary scales. The net increase requested in order to make the adjustments would therefore be USD 3,402,588.

Table 10: Budget implication for the Fund-sequenced salary scales adjustment

	Secretariat	Independent Units	2023 Adjustment	2024 Adjustment	Total
Salary Scale	3,261,119	226,315	3,487,434	1,494,615	4,982,049
2023 Merit Budget Reduction	(1,393,570)	(185,891)	(1,579,461)	-	(1,579,461)
Net Impact	1,867,549	40,424	1,907,973	1,494,615	3,402,588