



**GREEN
CLIMATE
FUND**

Meeting of the Board
13 – 16 March 2023
Songdo, Incheon, Republic of Korea
Provisional agenda item 5

GCF/B.35/Inf.15/Add.06

16 March 2023

Information report on the salary structure

Summary

By decision B.34/21, paragraph (d), the Board requested the Secretariat, in consultation with the Budget Committee, to report to the Board on the status of the work mandate on a Fund-wide compensation philosophy due for consideration and adoption by the Board at its thirty-sixth meeting (B.36) and a salary structure including a framework for performance-based merit increases for consideration and approval by the Board by no later than B.37.

In response, this document presents a provisional schedule of activities for consideration during the remaining Board meetings of 2023.

I. Introduction

1. At its thirty-fourth meeting (B.34), the Board, by decision B.34/21, paragraphs (b) and (c), requested the Secretariat to present to the Board, for consideration and adoption, a Fund-wide compensation philosophy based on a benchmarked assessment of comparable organizations by no later than B.36, and in consultation with the Budget Committee, to present a GCF salary structure and a framework for performance-based merit increases for consideration and approval by no later than B.37.

II. Progress since the thirty-fourth meeting of the Board

2. The Secretariat has initiated the procurement process for a consulting firm to support the delivery of the above-mentioned mandates according to the following services:

- (a) Compensation philosophy: engage the Secretariat’s Senior Management Team (SMT) to develop a proposal for a GCF compensation philosophy that captures GCF’s culture, employee value proposition and strategic goals. Specifically, the philosophy contains principal elements of positioning, equity, transparency and differentiation to attract, nurture, retain and deploy diverse and talented staff in line with the strategic priorities of the People Plan¹;
- (b) Job classification: develop a job classification system that considers pertinent elements such as minimum qualifications, internal and external relationships, levels of contribution for managerial, technical and/or operational outputs, responsibility for resources and performance, and scope of influence, engagement, challenge and delivery; and
- (c) Job architecture and design: analyse jobs and design an optimal structure based on a continuum that allows for progression of function and responsibilities.

3. The activities above will pave the way for instituting a structured approach to a job design that is founded on principles of recognising and rewarding staff in an equitable and consistent way as they contribute to the Fund’s mandate.

4. The engagement with the consultant is anticipated to commence upon endorsement of the Budget Committee and the activities will follow the general schedule below:

Major activity area	February	March	April	May	June
SMT interview and dialogues					
Compensation philosophy					
Job classification system					
Job evaluation					

5. The Secretariat will present a report to the Board during B.36 for consideration of the GCF-specific compensation philosophy and job structure. Once approved, a second layer of activities will ensue the development of salary scales around the new structure, compensation and benefits packages that are benchmarked with the market, and a framework for performance-based rewards and recognition. The next sequence of activities will include:

- (a) Salary benchmarking: match GCF jobs and salaries with those from benchmark organizations according to the new structure and levels stemming from available or bespoke salary surveys;

¹ People Plan 2021: End of year progress report

- (b) Scale development: develop salary scales that account for salary progression across levels. Develop a separate methodology for migrating current staff salaries to the new scales as well as costs of associated benefits as a factor of the total cost of migration; and
 - (c) Benefits benchmarking: deliver a matrix of comprehensive benefits and allowances that form part of a total rewards package, including performance-based incentives and reward initiatives.
6. The results of the second stage of activities will be presented by the Secretariat to the Board at B.37.
7. The Secretariat held a consultation with the Budget Committee on 14 March 2023 to present the envisaged approach for the salary structure and update on the activities taken after B.34. On 16 March 2023, the Budget Committee recommended to assign members of the Budget Committee for a direct involvement in all procedural steps through the development and definition of the GCF compensation philosophy. To that end, two members of the Budget Committee volunteered as the thematic focal points for the Budget Committee for this activity.
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