

Annex V: 2025 GCF annual salary scale review

I. Introduction

1. This review of GCF salary scales follows the Board's decision B.13/26, paragraph (d), which provides that "future revisions will be based on an annual review of salary scales by the Secretariat that considers elements such as inflation and practices in relevant institutions, including in the Republic of Korea and the region, and subject to Board approval."

2. In 2024, the Secretariat conducted an annual staff salary scale review, which included benchmarking against peer organisations (Asian Development Bank and World Bank Korea Office), analysis of market movements, and consideration of additional indicators.

3. In fulfilment of its obligation in line with decision B.13/26, the Secretariat has conducted its annual salary scale review for 2025, and presents this review, analysis and recommendation for the Board's consideration. This year's salary scale review applies the Board decisions regarding the review of GCF salaries, the competitiveness of GCF's salary scale with those of its proxy comparators, and the current market dynamics that underly the salary scale adjustment proposed in annex I to this addendum.

II. Key findings from the 2024 salary scale review

4. As presented to the ad-hoc Committee on Human Resources Matters (HRC) of the Board, which met during the week of the fortieth meeting of the Board (October 2024), key findings from the Secretariat's review of the 2024 salary scale included:

- (a) The Asian Development Bank (ADB) adjusted its salary scales by an average of 1% for International Staff (IS) levels (ranging up to 7.5% for specific grades);
- (b) The Work Bank Korea Office (WB Korea) implemented a 4.5% increase for all Administrative Staff (AS) levels; and
- (c) GCF salary scales lagged 3.5% behind ADB and 7.5% behind WB Korea Office on average.

III. 2025 salary scale review

5. While conducting the salary scale review in 2024, the Secretariat found that inflation data alone was not a sufficiently significant factor for scale review and adjustment. Instead, the driver for such review and adjustment should be a combination of multiple factors including inflation, cost of labour, and cost of living index, to maintain the competitiveness in the market that the Fund competes to attract talents from.

3.1 Macro Indicators

3.1.1. Cost of Living (COLI)

6. COLI in the Republic of Korea decreased by 12.3% from 2024–2025, strengthening local purchasing power.

7. Family support and housing policies expanded in 2024, reducing household expenditure pressures.

8. Relative to the Republic of Korea (rebased 2025 baseline = 100):

- (a) United States of America (U.S.): +14.9%; and
- (b) Republic of the Philippines: -49%.

3.1.2. Cost of Labour

- 9. Korea’s cost of labour rose by 10.08% (Q1 2025 vs. Q1 2024), the highest since 2011.
- 10. The rise reflects higher minimum wages, expanded social benefits, and labour reforms (e.g., proposed 4.5-day workweek).
- 11. Other economies saw increases between 2.08% (France) and 5.03% (U.S.).

3.1.3. Inflation

- 12. Global inflation peaked at 8% in 2022, declining to 2.9% in 2024.
- 13. The Republic of Korea’s inflation followed a similar trajectory, from 5.1% (2022) to 2.3% (2024).

3.2 Benchmark against the ADB (IS scale) and WB Korea Office (AS scale)

- 14. The 2025 review compared GCF midpoint scales against ADB and the WB Korea Office.

Table 1. Comparison between salary scales of GCF, ADB (IS) and WB Korea Office (AS) for 2025

Staff Category	Comparator	GCF Midpoint Gap
Administrative Staff (AS)	WB Korea Office	-12.3% (average)
International Staff (IS)	ADB	-18.5% (average)

- 15. ADB’s 2025 restructuring introduced a new grading system with an **average 4.8% increase** in midpoints.
- 16. Both ADB and WB Korea benchmark their salary scale at the 75thile (75th percentile) of the market, while GCF benchmarks the salary scale at the 50thile (50th percentile) of the market.

3.3 Benchmark against 26 organizations (MDBs/IFIs/IOs) from ISRP (International Service for Remuneration and Pensions)

- 17. To get a more holistic and objective understanding of GCF’s salary competitiveness, the Secretariat benchmarked GCF’s position across multiple organisations, inclusive of ADB and WB Korea Office. The International Service for Remunerations and Pensions (ISRP) is a common service platform for the Coordinated Organisations and 26 international organisations including IFIs, MDBs and UN Agencies. The ISRP matches all job levels from participating organisations¹ to allow scale benchmarking at HQ locations. When benchmarked against ISRP data, GCF IS levels remain competitive overall (average lead of 5.2%), while AS levels continue to lag due to local market referencing.

¹ 27 organisations with matched levels, including GCF.

IV. Structural adjustments across organisations

18. Structural adjustments are implemented to maintain market competitiveness and internal equity, ensuring the organisation can attract and retain talent and align its compensation framework with institutional objectives.
19. From 2020–2026, international organisations applied modest structural adjustments averaging 0.6–2.8% annually:
 - (a) 2025 Average Adjustment: 1.92%;
 - (b) 2026 Forecast Range: 1.69–2.47%; and
 - (c) Peak increases reached 12.3% (2023) in select institutions responding to market pressures.
20. These trends reflect consistent alignment to market conditions while maintaining internal equity and fiscal prudence.

V. Recommended structural adjustment for 2025

21. Preparing GCF to be able to manage increasing climate finance levels – it is crucial that the Secretariat continues to strengthen the institution, by prioritizing investment in human capital in the coming years. As a result maintaining GCF's salary competitiveness in the market is critical.
 22. Hence, following a comprehensive review of structural adjustments by other international organizations, complemented by key macro indicators of cost of living and cost of labour, the Secretariat recommends a structural adjustment of 1.92% effective 1 January 2026, with an estimated budget impact of approximately USD 1,100,000. This recommendation matches the average structural adjustment of 1.92% by international organisations for 2025 and is within the projected increase of 2.47% in 2026.
 23. This salary scale adjustment is additional to the proposed Secretariat's Administrative Budget for 2026 to 2028. In the development of the Secretariat's 2026-2028 budget, the Secretariat noted guidance from the Budget Committee, including the need to maintain budget levels consistent with that which was presented as part of the 2025-2027 budget. Recognizing calls for GCF to deliver on ambition have grown compared to when the 2025-2027 work plan and budget was approved at B.40, it is critical to continue equipping GCF to deliver more impact at scale. In this context, the Secretariat did not include the estimated budget of USD 1,100,000 in the proposed 2026 Secretariat administrative budget for the Board's consideration.
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