

## **Annex XVI: Eleventh Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change**

### **Executive summary**

1. The Green Climate Fund (GCF) made substantial progress in the reporting period in delivering on its mandate to promote the paradigm shift towards low-emission and climate-resilient development pathways. Particularly, over the reporting period the GCF accelerated its programming of new climate finance in developing countries with USD 1.69 billion approved for 19 climate projects around the world.
2. As an operating entity of the Financial Mechanism under the United Nations Framework Convention on Climate Change (UNFCCC), GCF continues to be guided by the principles and provisions of the Convention. This report provides an overview of GCF activities carried out from 1 August 2021 to 31 July 2022 in response to the guidance received from the Conference of the Parties (COP), including at its twenty-sixth session, and summarizes activities of GCF to support developing countries to limit or reduce their greenhouse gas (GHG) emissions and adapt to climate change. The reporting period is set in line with GCF decision B.10/18.
3. After reaching in 2021 the important milestone of USD 10 billion in total funding approved, GCF continued to provide resources for climate action under its funding windows. Based on the decisions taken at the thirty-second meeting of the Board (B.32), the total number of approved projects stood at 196, and the total amount of GCF funding was USD 10.4 billion, with USD 28.5 billion of co-financing mobilized. These approved projects and programmes are expected to abate a total of 2 billion tonnes of carbon dioxide equivalent of GHG emissions and reach 196 million direct and 615 million indirect beneficiaries, based on the estimations of accredited entities (AEs). The private and public sectors accounted for 35 per cent and 65 per cent of the GCF funding, respectively. The GCF portfolio allocation stands in grant equivalent terms at 49 per cent for adaptation (USD 3.2 billion) and 51 per cent (USD 3.3 billion) for mitigation.
4. GCF also continued to strengthen its policy framework over the reporting period. As of B.32, the Board approved seven policies since the last GCF report to COP, including through decisions between Board meetings. They are: the Updated Accreditation Framework and Project Specific Assessment Approach (decision B.31/06); Update of the Simplified Approval Process (decision B.32/05.<sup>1</sup>); Private Sector Strategy (decision B.32/06); General guidelines for the operation of Board committees (decision B.32/09); Next steps in the event that a Board member is unable to join consensus regarding the outcome of the balloting procedure (decision B.32/10), and; Guidelines to determine in which cases decisions without a Board meeting may be requested (decision B.32/11) as well as the revisions to the Green Climate Fund's Environmental and Social Policy to reaffirm the Fund's commitment to addressing Sexual Exploitation, Sexual Abuse, and Sexual Harassment (B.BM-2021/18). The Board and the Secretariat continue to work on the enhancement of the policy framework in line with the Board's 4-year workplan.
5. At B.32, the Board adopted through decision B.32/06 the private sector strategy (PSS),<sup>2</sup> which builds on the updated Strategic Plan for the GCF 2020–2023 and its strategic priority of catalysing private sector finance at scale. The adoption of this key strategy will contribute to

<sup>1</sup> For this and other decisions taken at the thirty-second meeting of the Board, see <https://www.greenclimate.fund/boardroom/meeting/b32>

<sup>2</sup> Available in document GCF/B.32/15, Decisions of the Board at its thirty-second meeting, annex V.

enhancing the programming of the Private Sector Facility (PSF) overall, and, with respect to increase in direct access and in adaptation programming, in line with the GCF first replenishment cycle (GCF-1) parameters and guidelines for the allocation of resources.

6. At the same meeting, the Board adopted another key policy item – the Update of the Simplified Approval Process (SAP) – through decision B.32/05, in response to relevant guidance from COP26 and following extensive consultations within the Board. The updated policy increases the funding amount that GCF can provide under the SAP from USD 10 million to USD 25 million and adopts a set of further simplification, acceleration and facilitation measures that further simplify the preparation, appraisal and implementation of SAP funding proposals (e.g. simplifying the process and reducing the information required for the review of the SAP proposals in a manner that takes into account their smaller size and minimal or no adverse environmental and/or social risks and/or impacts). The new SAP policy became effective in May 2022, and its envisaged simplification measures will be operationalized over a period of 12 months from its approval.

7. Coming to the matter of replenishment, as at 12 May 2022, 34 contributors had pledged USD 10 billion for the first formal GCF-1 replenishment process, including credits earned owing to early payment and/or encashment based on the GCF-1 reference exchange rate. Despite the fiscal pressures and challenges resulting from the COVID-19 pandemic, all contributors have so far fulfilled their pledges and there are no indications of changes in pledged amounts by contributors. Ongoing resource mobilization efforts have also seen several contributors make additional pledges in 2020, 2021 and 2022, which totalled approximately USD 116 million equivalent in nominal terms. As part of its consideration of strategic planning and programming matters at B.32 (decision B.32/04), the Board requested the Co-Chairs to prepare a draft decision for the consideration of the Board at B.33 in order to launch the replenishment process, and that the process will be conducted in an open, transparent and inclusive manner. Therefore, the second replenishment process (GCF-2) is planned to be launched by the Board in July 2022.

8. By the same decision at B.32, the Board decided to launch an open, inclusive, transparent consultation process to inform the review and update of the Strategic Plan for the second GCF replenishment period, 2024–2027. Responding to this request, the Secretariat has transmitted a call for submissions to a wide range of GCF stakeholders, to be made by 10 August 2022, and created a dedicated webpage<sup>3</sup> which, among other details outlines the main steps and timelines in the process. [placeholder for a B33 update]

9. GCF continues to enhance its support to developing countries under its Readiness and Preparatory Support Programme (RPSP). As at 30 April 2022, GCF had approved 607 readiness requests covering 141 countries, which includes requests for support for national adaptation plans (NAPs) and/or other adaptation planning processes. USD 418.96 million had been committed in the form of grants or technical assistance for the 607 readiness requests; 498 of the requests are under implementation or have been completed.

10. As at 30 April 2022, GCF had approved 82 adaptation planning proposals, while another 30 adaptation planning proposals were at various stages of the review process. As at 30 April 2022, 50 Project Preparation Facility (PPF) applications had been approved for a total of amount of USD 32.3 million, of which USD 23.1 million had been disbursed for 43 PPF applications. The Secretariat continued to improve the timelines of both approval of readiness proposals and the disbursement rates (including NAP proposals), which resulted in a 60 per cent improvement in efficiency since the inception of the Readiness Programme. The Fund also continued to support the implementation of the adaptation priorities, identified by the developing countries in their NAPs, through different GCF funding windows for adaptation. In line with the GCF-1 targets, the Fund prioritizes the allocation of adaptation funding to

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<sup>3</sup> See [Review and update of the GCF Strategic Plan for 2024–2027 | Green Climate Fund](#)

particularly vulnerable countries with 65 per cent in grant equivalent terms (62 per cent in nominal terms) of those funds allocated for LDCs, SIDS and/or African States as at B.32. GCF also continues to work on providing additional guidance to NDAs and AEs for preparing paradigm-shifting high-impact adaptation projects. As explained in sections below, sectoral guides will serve this purpose both for mitigation and adaptation results areas. In addition, at B.33, the Board is expected to consider two policy documents with relevance to adaptation - Guidance on the approach and scope for providing support to adaptation activities and Steps to enhance the climate rationale of GCF-supported activities.

11. GCF continued its efforts to further expand and strengthen its network of AEs, with specific focus on direct access entities (DAEs). As at 31 March 2022, GCF had provided in-kind accreditation support to 249 entities nominated by the NDAs and focal points of 104 countries in Africa, Asia-Pacific, Eastern Europe, and Latin America and the Caribbean. To date, 42 of the entities nominated by 48 countries had received technical assistance enabling completion of their institutional gap assessments and preparation of action plans to address any gaps identified in order to meet GCF accreditation requirements. As at 31 March 2022, a total of 113 entities had been approved by the Board for accreditation to GCF, subject to completing legal arrangements with GCF by signing and making effective their accreditation master agreements (AMAs). In addition to applications for accreditation, 18 applications from AEs to upgrade their accreditation types were received between 17 November 2014 and 31 March 2022, of which 11 upgrades were approved by the Board. With rising maturity of GCF, the first term of accreditation of an increasing number of AEs is coming to an end. As at 31 March 2022, 22 AEs submitted their re-accreditation applications to the Secretariat, of which 11 had their second re-accreditation term approved by the Board at meetings between B.29 and B.32.

12. As at 30 May 2022, the GCF simplified approval process (SAP) portfolio consists of 24 approved projects valued at USD 408.36 million, including USD 217.27 million of GCF resources and USD 191.09 million in co-financing. Fourteen of the approved SAP projects are adaptation projects; five of these are mitigation projects and five are cross-cutting, with 74 per cent of these benefiting least developed countries (LDCs), small island developing States (SIDS) or African States.

13. The enhancing direct access pilot phase is a request for proposals, approved by the Board in 2015 and launched in June 2016, to enhance the channelling of GCF climate financing in developing countries through DAEs. As at 30 April 2022, the enhancing direct access (EDA) pipeline consisted of 11 public sector proposals comprising 3 funding proposals and 8 concept notes submitted by DAEs. The total requested GCF funding is USD 238.7 million.

14. In response to guidance issued by the Conference of the Parties (COP) at its twenty-fifth and twenty-sixth sessions, GCF continues to provide financial resources for activities relevant to averting, minimizing and addressing loss and damage, consistent with the existing investment, results framework and funding windows and structures of GCF.

15. The GCF continues to enhance its support towards the development and implementation of readiness grants with an emphasis on technology support by seeking to work with a wider range of delivery partners, including national delivery partners, such as DAEs, with pertinent accreditation status. As of 31 May 2022, 56 climate technology-focused proposals have been approved, for a total commitment of USD 28.66 million in GCF support. Of these grants, GCF has committed USD 18.22 million for 26 grants with other delivery partners, in addition to committing USD 10.43 million for 30 grants with the Climate Technology Centre and Network (CTCN) delivery partners (i.e., UNEP and UNIDO). 13 additional technology readiness proposals were approved over the reporting period from multiple delivery partner other than CTCN.

16. During the reporting period, the Secretariat continued to lead implementation of the operational framework on complementarity and coherence, focusing on the collaboration with the Global Environment Facility (GEF), including the Least Developed Countries Fund and Special Climate Change Fund, Climate Investment Funds and the Adaptation Fund, as well as engaging with the NAMA Facility. In line with decision B.17/04, an annual update with respect to the operational framework on complementarity and coherence for 2021–2022 will be submitted for consideration of the Board at its last meeting of 2022 (B.34). Relevant information about the annual update in reference to the reporting period will be provided to the COP prior to its twenty-seventh session in an addendum to this report.

17. The Secretariat continues to conduct its environmental and social due diligence on activities proposed for funding, in line with the Revised Environmental and Social Policy of the GCF. Monitoring and review in relation to the environmental and social performance of the GCF-financed activities are also being carried out by the Secretariat through its review of the annual performance reports, and the Secretariat continues to provide safeguards-related advice to AEs. The Secretariat also published an updated stakeholder engagement guidance note in May 2022.

18. Since the Board adopted, by decision B.24/12, the updated Gender Policy and Gender Action Plan 2020–2023, the Secretariat has ensured the requirement of the policy for AEs to consider and submit a gender assessment, along with appropriate environmental and social assessments, and a gender action plan (programme/project level) for all activities of mitigation and adaptation implemented through the public and private sectors. In keeping with the updated Gender Policy requirement, technical support has also been provided to AEs as they develop their funding proposals and via the review and feedback process through the annual performance reports review.

19. Since the adoption of the Indigenous Peoples Policy by decision B.19/11, GCF has undertaken work towards incorporating considerations related to indigenous peoples into its decision-making, with all funding proposals reviewed for consistency with the policy requirements and objectives. Such considerations are geared to ensure that indigenous peoples present in areas where GCF-financed activities are implemented are fully informed, consulted and provided opportunities to participate in the project. Proposed projects therefore are asked to consider potential impacts on indigenous peoples and local communities, ensuring meaningful consultation and, where appropriate, their free, prior and informed consent. Projects under implementation are similarly reviewed. In addition, the Indigenous Peoples' Advisory Group was established at the end of 2021 and has had its first informal meeting (virtual). The advisory group is tasked with providing advice to the indigenous peoples' focal point, NDAs and AEs and executing entities on GCF-financed activities affecting indigenous peoples, reviewing the implementation and monitoring of the policy and providing guidance and advice to the Board as may be requested.

20. Since the submission of the tenth GCF report to the Conference of the Parties,<sup>4</sup> GCF has entered into one further bilateral agreement on privileges and immunities. The total number of signed bilateral agreements regarding the privileges and immunities of GCF now stands at 28.

21. The Independent Redress Mechanism continues to monitor the outcomes of the preliminary inquiry into FP001 (Peru), including monitoring progress on remedial actions. The IRM closed the complaint in relation to FP043 (Morocco) after parties successfully reached a problem-solving agreement. The IRM received a complaint with regards to FP146 (Nicaragua) and is in the process of conducting a compliance investigation. The IRM received six pre-cases in the reporting period. The IRM received no requests for reconsideration of proposals in the same period.

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<sup>4</sup> [https://unfccc.int/sites/default/files/resource/cp2020\\_05E.pdf](https://unfccc.int/sites/default/files/resource/cp2020_05E.pdf)

22. Additionally, the IRM notes that AEs reported receiving 275 complaints or grievances for 2020. Of these, 245 have been marked as resolved and 30 are still pending. Grievances have been recorded by both international access entities (IAEs) and DAEs and cover a wide range of issues including access to information, impacts to environment, property, land, livelihoods and selection of beneficiaries.
23. The Independent Evaluation Unit (IEU) assessment of the GCF's country ownership approach, completed in November 2019, was transmitted to the Board as a proposed decision taken between meetings ahead of B.28 (March 2021), but there were objections and it has not yet been adopted by the Board. The IEU's assessment of the GCF environmental and social safeguards and environmental and social management systems was completed in time for submission to the Board at B.25 (March 2020); ahead of B.28, the evaluation was transmitted to the Board as a proposed decision taken between meetings but there were objections and it has not yet been adopted by the Board. In 2020, the IEU also conducted a rapid assessment of the GCF SAP pilot scheme. The SAP evaluation was among the four IEU evaluations that were added to the B.28 provisional agenda, although it remained unopened during that meeting. The SAP evaluation was considered by the Board at B.30, and the Board adopted a decision on the matter and the related Secretariat management response in that meeting.
24. The IEU in 2020 conducted an independent synthesis of the GCF accreditation function, which was submitted to the Board for its consideration at B.26. As per decision B.30/11, a summary of the Board's views on this synthesis was prepared by the IEU and annexed to the 2021 IEU Annual Report. The evaluation was included in the provisional agenda for B.31 held in March 2022, and the Board took note of the findings and recommendations of the synthesis in decision B.31/06. The IEU completed, in October 2020, the independent evaluation of the relevance and effectiveness of the GCF investments in SIDS, and submitted the final evaluation report to the Board ahead of B.27. The evaluation was included in the B.31 provisional agenda and was opened and discussed during B.31, where the Board took note of the evaluation report.
25. The IEU conducted an independent evaluation of the adaptation portfolio and approach of GCF, and its final report was submitted for the Board's consideration at B.28, held in March 2021. The evaluation was included in the B.31 agenda and was opened and discussed during B.31. The Board took note of the findings and recommendations of the evaluation in decision B.31/13, and provided guidance to the Secretariat.
26. In 2021, the IEU conducted and delivered a rapid assessment of the GCF request for proposal (RFP) modality, and its final report was submitted for B.29, held in June 2021. As per decision B.30/11, a summary of the Board's views on the rapid assessment was prepared by the IEU and annexed to the 2021 IEU Annual Report. The rapid assessment was included in the provisional agenda for B.31 held in March 2022 but was not opened during that meeting.
27. The IEU also conducted, in 2021, an independent evaluation of the approach of GCF to the private sector, and the final evaluation report was submitted to the Board ahead of B.30. The evaluation report was included in the B.31 agenda and was opened and discussed during B.31. The Board took note of the evaluation report during B.31.
28. Additionally, the IEU, in 2021 launched its independent evaluation of the relevance and effectiveness of GCF investments and approach in the LDCs, and its final evaluation report was submitted to the Board ahead of B.30. The evaluation report was included in the B.31 agenda and was opened and discussed during B.31; subsequently, the Board took note of the evaluation report during B.31.
29. The IEU is currently undertaking the multi-year Second Performance Review (SPR) of GCF, which was launched by the Board in decision B.BM-2021/11 on 10 June 2021. The IEU delivered the following deliverables contributing to the SPR: Forward-looking Performance Review (FPR) management action report, SPR Synthesis Study, a rapid assessment of the



progress of the GCF's updated Strategic Plan (USP) 2020–2021, and the SPR approach paper. The IEU also launched two new evaluations in 2022: namely, an independent synthesis of direct access in GCF, and an independent evaluation of the relevance and effectiveness of GCF's investments in the African States.