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CLIMATE
FUND**

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Annual portfolio performance report (2025)

Summary

This annual portfolio performance report presents a review and analysis of the performance of the GCF portfolio of investments from projects and programmes under implementation as at 31 December 2025.

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Executive summary

1. This ninth annual portfolio performance report (APPR) provides a consolidated view of the GCF portfolio of funded activities in terms of results achieved and its status as at 31 December 2025¹. Details are provided with respect to implementation status, including for environmental and social safeguards (ESS), gender, Indigenous Peoples, grievance redress mechanisms (GRMs) and challenges faced in implementation. Lessons learned from a review of interim evaluations submitted in 2025, as well as annual performance reports (APRs) and an analysis by the Secretariat of implementation delays are shared. It sets out priority actions by the Secretariat to strengthen delivery, data credibility and partner responsiveness in 2026–2027.

Results achieved, portfolio overview, implementation progress and lessons learned in 2025

Results Achieved

2. As at 31 December 2025, projects and programmes which reported results continued to show progress across the GCF mitigation and adaptation indicators. Emissions reduced or avoided reached 150.5 million tonnes of carbon dioxide equivalent (Mt CO₂ eq), representing a 57 per cent increase compared with 2024, while the number of people reached increased by 51 per cent to 377.0 million. Around 40 per cent of the increase for each of these indicators came from projects that are reporting for the first time; the remaining 60 per cent came from projects that had previously reported, whose results grew by 34 per cent for emissions reduced and 30 per cent for beneficiaries.

3. The portfolio also delivered substantial adaptation benefits, with the value of physical assets made more resilient rising from USD 440 million in 2024 to USD 1.13 billion, driven by 11 new projects reporting, while results from existing projects grew by 24 per cent. Land under improved management increased from 33.2 million to 39.3 million hectares with 24 additional projects reporting in this area.

4. In support of low-emission development pathways, projects reported 8,300 MW of renewable energy capacity installed and 17.7 million MWh of energy generated or saved. Collectively, these results indicate that as the portfolio matures and implementation advances, funded activities are delivering climate benefits at increasing scale across both mitigation and adaptation results areas.

GCF-funded activities portfolio – projects and programmes²

5. In line with the priorities and objectives of the updated Strategic Plan for the GCF 2024–2027, the GCF portfolio of projects and programmes continued its steady growth, with 50 projects and programmes approved by the Board in 2025. By 31 December 2025, the portfolio included 336 projects and programmes, with a total GCF investment of USD 19.3 billion. This represents an increase of 17.5 per cent in the number of projects and 20.6% year-on-year in approved funding.

6. Of the 336 projects in the portfolio at year end 2025, 293 were under implementation, an increase of approximately 20.1 per cent from 2024 levels. The portfolio under implementation represents a GCF investment of USD 16.7 billion, which is expected to mobilize co-financing of up to USD 43.72 billion (co-financing ratio of 2.6:1).

¹ Annual performance report (APR) data for CY2025 submitted by AEs. Data cutoff as of 08.31.2026

² The portfolio of GCF-funded activities are referred to throughout this document as “projects and programmes” and are distinct from the grants funded through the Readiness and Preparatory Support Programme.

7. Total disbursements of GCF resources to the projects and programmes for which the financial analysis was undertaken by the Secretariat increased by 19.5 per cent, from USD 5.25 billion in 2024 to USD 6.26 billion in 2025. Disbursements to public sector projects and programmes accounted for 64.3 per cent of this total at USD 4.0 billion, while private sector projects and programmes received 35.7 per cent of the total at USD 2.2 billion. Notably, public sector disbursements increased by 42.9 per cent. Growth was strongest among cross-cutting projects and programmes, where cumulative disbursements increased by 32.1 per cent, followed by adaptation at 19.8 per cent and mitigation at 9.3 per cent.
8. With respect to the USD 6.26 billion in cumulative GCF resources disbursed as at 31 December 2025, USD 5.4 billion was directed to 36 international access entities (IAEs) compared with USD 0.8 billion for 43 direct access entities (DAEs).
9. In line with the growth of the portfolio in terms of approved funding, cumulative expenditures grew by 28.2 per cent, from USD 3.3 billion in 2024 to USD 4.2 billion in 2025, representing an overall expenditure rate of 67 per cent for GCF projects and programmes. This represents an increase of 5 percentage points from the previous year's level of expenditure.
10. During the reporting period, the direct co-financing ratio for private sector projects and programmes under implementation was 4.53, compared with 2.26 for public sector projects and programmes. However, the private sector portfolio exhibited a co-financing expenditure ratio of 1.41:1, in contrast to the 1.45:1 ratio observed for the public sector portfolio.
11. As at 31 December 2025, co-financing expenditure was approximately USD 6.0 billion for projects and programmes under implementation. This figure is 1.43 times higher than the cumulative USD 4.2 billion expended using GCF resources, highlighting the critical role that GCF plays in catalysing additional resources for delivery of results from the portfolio of investments. With respect to the breakdown between public and private sector projects, USD 3.5 billion (58 per cent) was reported by 185 public sector projects and programmes, compared with USD 2.5 billion (42 per cent) reported by 40 private sector projects and programmes.
12. As at 31 December 2025, the share of funding across the eight GCF results areas ranged between 7.8 per cent and 17.3 per cent, with the only exception being the energy access and power generation results area, which constituted 19.4 per cent of the total portfolio. This is a slight decrease from 20.8 per cent in 2024.
13. Notably, there has been a significant increase in the amount of funding allocated to results areas that have previously experienced lower levels of capital flows of GCF Funding relative to other results areas. For instance, the funding allocation for projects targeting low-emission transport, which saw an increase from USD 1.38 billion in 2024 to USD 1.51 billion in 2025, and those focused on health, food and water security, which increased from USD 2 billion in 2024 to USD 2.67 billion in 2025.
14. As at 31 December 2025, the GCF portfolio of projects under implementation had an average maturity rate of 55.9 per cent. On a disaggregated basis, the average implementation maturity rate was 63.2 per cent for mitigation projects, 59.5 per cent for adaptation projects and 45.3 per cent for cross-cutting projects.

Table 1: Average Maturity Rate Comparison between 2024 and 2025

Theme	2024 Average Maturity Rate	2025 Average Maturity Rate	Change
Mitigation	56.2 %	63.2 %	+ 7.0 percentage points
Cross-cutting	44.9 %	45.3 %	+ 0.4 percentage points

Adaptation	54.4 %	59.5 %	+ 5.1 percentage points
Overall portfolio	52.2 %	55.9 %	+ 3.7 percentage points

Environmental and social safeguards, gender, Indigenous Peoples and grievance redress

15. Accredited entities (AEs) continued to implement ESS measures in their projects and programmes. Compliance with the updated GCF Gender Policy remains high, with a continued shift from gender sensitivity to gender responsiveness – evidenced by stronger targets and more concrete actions during implementation.

16. Project performance reports demonstrate substantive efforts to engage Indigenous Peoples through free, prior and informed consent (FPIC) processes, participation in governance and territorial planning, and measures supporting rights and access to benefits. At the same time, projects reported challenges in ensuring inclusive and culturally appropriate engagement across diverse contexts, particularly with respect to FPIC implementation, participation of Indigenous women and the documentation of outcomes for Indigenous Peoples.

Challenges faced in implementation

17. Many implementation challenges can be traced back to readiness and delivery arrangements that were not fully in place when projects entered implementation. Across the portfolio, delays were most often associated with procurement bottlenecks, staffing gaps, financing and co-financing constraints, complex coordination arrangements and implementation schedules that proved difficult to achieve in practice. Projects generally performed better where implementation capacity, procurement approaches, governance arrangements and financial assumptions had been tested early and aligned closely with operating realities.

18. Projects that reported implementation challenges in their 2025 APRs also lagged on disbursement, expenditure and results: on average, they received 43.7 per cent of their approved GCF financing, expended 30.6 per cent and achieved 26.0 per cent of their final targets, compared with 65.1, 52.3 and 46.0 per cent, respectively, for projects without reported challenges.

19. Projects frequently had to operate in environments that changed significantly during implementation. Political transitions, regulatory changes, inflation, climate events, security issues and logistical constraints affected delivery across many regions and sectors. While such disruptions are often unavoidable, portfolio experience suggests that their impacts can be significantly reduced through stronger contingency planning, more realistic scheduling, earlier identification of emerging risks and faster use of adaptive management measures when delivery conditions change.

Lessons Learned from Interim Evaluations, APRs and Programme and Project Implementation

20. Drawing on interim evaluation reports (IER) submitted to the Secretariat by AEs, the 2025 APRs and the analysis on implementation challenges, four key lessons can be drawn: results are sustained where they are anchored in institutions, policies and budgets; successful project delivery depends on readiness before implementation begins; risks must be anticipated and the delivery model adapted early and sustainability and inclusion and the ability to scale need to be designed into the project or programme at the outset rather than assumed.

Proposed priorities for 2026 and 2027

21. Looking ahead, the Secretariat will focus on translating these lessons learned into practical reforms and measurable results. The top priorities are to:

- (1) Improve implementation readiness and accelerate delivery: ensure projects are genuinely ready to implement, strengthen procurement and implementation capacity, manage co-financing and contextual risks more proactively, and accelerate disbursement through earlier intervention, recovery actions, restructuring and closure of underperforming activities;
- (2) Strengthen proactive portfolio oversight and accountability: shift from reactive monitoring to risk-based, differentiated portfolio management through earlier identification of implementation risks, stronger AE accountability under the monitoring and accountability framework, closer regional support and more systematic corrective action;
- (3) Strengthen portfolio accountability, completion and closure: accelerate project completion, clear the closure backlog, improve management of overdue evaluations and audits, return unused funds more quickly, and systematically capture implementation results and lessons;
- (4) Modernize data, monitoring and portfolio intelligence: improve the quality, consistency and accessibility of portfolio information through the GCF Partner Portal, stronger data governance, automated validation controls, integrated reporting and enhanced portfolio analytics; and
- (5) Institutionalize learning and knowledge-driven portfolio management: convert implementation experience into practical guidance, strengthen knowledge management systems, embed evidence and lessons into project design and implementation, and leverage artificial intelligence enabled tools to support real-time learning and course correction across the portfolio.

I. Introduction

1.1 Background

1. The Governing Instrument for the GCF, paragraph 23(j), mandates the Secretariat to carry out monitoring and evaluation functions. This mandate is codified in the updated monitoring and accountability framework, under which the Secretariat implements the framework and reports to the Board at least annually on the performance of the GCF portfolio of investments from projects and programmes. This ninth annual portfolio performance report presents an update on the progress made in the performance of the projects and programmes under implementation, for the reporting period ending 31 December 2025.

2. The analyses presented therein are informed by both qualitative and quantitative information on the portfolio gathered from the APRs,³ interim and final evaluation reports, project completion reports (PCRs), and financial reporting and annual financial statements submitted by AEs, as well as from active monitoring and adaptive management actions taken by the Secretariat and AEs with respect to project/programme implementation challenges and issues.

II. Performance review of the portfolio of projects and programmes for the year ended 2025

2.1 Implementation progress and performance

GCF Programming Priorities for 2024–2027 (under the updated Strategic Plan for the GCF 2024–2027)

3. GCF's programming priorities for 2024–2027 are as follows:
- (a) **Readiness and preparatory support:** enhanced focus on climate programming and direct access through improved access to readiness and preparatory support and removing barriers faced by developing countries. In 2025, GCF advanced the implementation of its revamped Readiness Strategy 2024–2027 by reforming support to make it more responsive to countries' needs, strengthen country ownership and accelerate the development of climate investments. Detailed progress on readiness support will be shared in a separate report;
 - (b) **Mitigation and adaptation:** supporting paradigm shifts across sectors while maintaining a 50:50 balance over time between adaptation and mitigation funding. In 2025, projects approved by GCF were 70 per cent in adaptation and 30 per cent mitigation in grant equivalent terms, which increased the overall adaptation portfolio to 59 per cent in grant equivalent terms and 50 per cent in nominal terms;
 - (c) **Adaptation:** addressing urgent and immediate adaptation and resilience needs, for particularly vulnerable countries. Adaptation funding to the least developed countries (LDCs), small island developing States (SIDS) and African States has remained considerably above 50 per cent in grant equivalent terms, with 63 per cent of adaptation funding going to these countries in 2024–2025. The portfolio stood at 65 per cent in grant equivalent terms as at 31 December 2025; and

³ The full list of projects and programmes that submitted an APR for 2025 can be provided upon request.



- (d) **Private sector:** promoting innovation and catalysing green financing while increasing the share of funding allocated through the Private Sector Facility compared with the first replenishment period of GCF. In grant equivalent terms, through December 2025, private sector projects accounted for 36 per cent of the GCF total portfolio

4. Table 2 reflects the first two years of the updated Strategic Plan for the GCF 2024–2027 and progress against the 11 Board-approved targets. Based on ex ante estimates, the GCF projects approved as at 31 December 2025 were on track to meet or exceed 8 of these 11 targets, with gaps remaining on countries directly supported in implementation of nationally determined contributions, national adaptation plans or long-term strategies (T1); the number of DAEs with approved funding proposals (T2); and broad-based seed and early-stage capital for micro, small and medium-sized enterprises (T10). These targets will remain the focus of programming in 2027.

Table 2: Progress against the second replenishment period of GCF target

No.	Target description	Progress to target	2027 Target
 T1	More than 100 developing countries directly supported by GCF to advance the implementation of their NDCs, NAPs or LTS through integrated climate investment planning and/or developing high-quality climate project pipelines for GCF funding	48 countries	>100 countries
 T2	Doubling the number of DAEs with approved GCF funding proposals through strengthened climate programming capacity and increasing the allocation of GCF resources through DAEs	13 DAEs	29 new DAEs
 T3	CIEWS: 50 to 60 developing countries particularly vulnerable to the adverse effects of climate change protected by new or improved early warning systems	58 countries	50–60 countries
 T4	Support for developing countries that results in 190 to 280 million beneficiaries adopting low-emission climate-resilient agricultural and fisheries practices, securing livelihoods while reconfiguring food systems	251.35 million beneficiaries	190–280 million beneficiaries
 T5	Ecosystems: support for developing countries that results in 120 to 190 million hectares of terrestrial and marine areas conserved, restored or brought under sustainable management	231.87 million hectares	120–190 million hectares
 T6	Infrastructure: 45 to 60 developing countries supported by GCF to develop or secure low-emission climate-resilient infrastructure, through systemic and/or country-driven resilience planning, funding and/or de-risking of investments, including those that draw on nature-based solutions or ecosystem-based approaches	65 countries	45–60 countries
 T7	Clean energy: 20 to 30 developing countries supported to expand access to sustainable, affordable, resilient, reliable renewable energy, particularly for hardest to reach, and/or to increase renewable energy sources in the energy mix	63 countries	20–30 countries



No.	Target description	Progress to target	2027 Target
 T8	Transport, buildings, industry: 18 to 25 developing countries supported to shift towards clean and efficient energy end-use for transport, building and industry sectors, including through electrification, decreasing energy consumption and novel solutions and emerging technologies for hard-to-abate sectors	50 countries	18–25 countries
 T9	40 to 70 approved proposals for adaptation projects, including for locally led adaptation action	49 approved funding proposals	40–70 approved funding proposals
 T10	Support for developing countries that results in 900 to 1500 local private sector early-stage ventures and MSMEs provided with broad-based seed and early-stage capital for innovative climate solutions, business models and technologies, with a focus on adaptation, energy access and transport sectors, and removing barriers for home-grown innovation	451 early-stage ventures & MSMEs	900–1500 early-stage ventures & MSMEs
 T11	Support for developing countries that results in 90 to 180 national and regional financial institutions supported to access GCF resources, and other green finance, particularly for MSMEs	134 institutions	90–180 institutions

Abbreviations: CIEWS = climate information and early warning systems, DAE = direct access entity, LTS = long-term strategy, MSMEs = micro, small and medium-sized enterprises, NAP = national adaptation plan, NDC = nationally determined contribution, T = target.

Portfolio implementation progress

5. Portfolio growth and distribution: in 2025, 50 projects and programmes were approved by the Board with approved funding of USD 3.26 billion. This is a record level of approvals by the Board in one year.

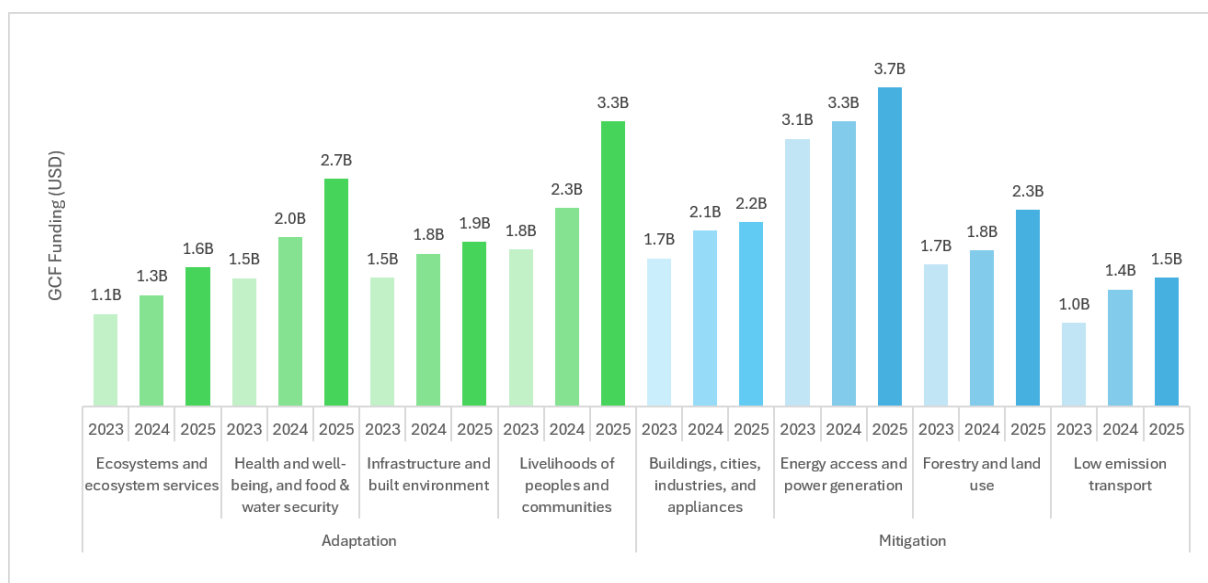
6. As at 31 December 2025, the total number of approved projects/programmes in the GCF portfolio was 336, with GCF funding totalling USD 19.3 billion. Details of the portfolio are as follows:

- (a) Of the total portfolio of projects/programmes approved, 293 or 87.2 per cent were under implementation. This includes 49 projects and programmes that began implementation in 2025;
- (b) Of the total 158 AEs accredited to GCF as at 31 December 2025, 79 AEs (45 per cent) have had approved projects. A majority of those projects were brought to GCF by DAEs, with 43 versus 36 for IAEs; and
- (c) IAEs received 80.33 per cent of approved funding with USD 15.51 billion, while DAEs received the remaining 19.67 per cent of approved funding of USD 3.8 billion. Notably, 61 per cent of DAE projects and programmes are small or micro-sized, whereas 54 per cent of IAE projects and programmes are large or medium-sized.

7. As noted in figure 1, as at 31 December 2025, GCF funding was distributed across all eight GCF results areas, with energy access and power generation remaining the largest area of investment at USD 3.7 billion.

8. Between 2023 and 2025, funding increased across all results areas, reflecting continued portfolio growth and diversification. The most significant increases were observed in adaptation results areas, particularly livelihoods of people and communities, which increased from USD 1.8 billion to USD 3.3 billion, and health, food and water security, which grew from USD 1.5 billion to USD 2.7 billion. Ecosystems and ecosystem services and infrastructure and the built environment also recorded steady growth over the period. Within the mitigation portfolio, funding for forestry and land use increased to USD 2.3 billion, while investments in buildings, cities, industries and appliances, and low-emission transport continued to expand more gradually.

Figure 1: Composition of the portfolio in relation to the eight results areas (in USD)



Abbreviation: B = billion.

9. Efforts continue to be made to track the portfolio of investments at a more granular level. To that end, the Secretariat conducts portfolio-level thematic analyses across the mitigation and adaptation results areas. The following list provides insights on an ex-ante basis, into six thematic areas, while achieved results across those themes are shared in the progress on results section:

- (a) **Climate-resilient water security:** rather than financing isolated infrastructure projects, GCF takes an integrated water-food-planet approach that addresses the underlying systems driving water insecurity, including projects with water as a central objective, and projects with secondary or adjacent water elements. This portfolio consists of 241 projects supported by USD 10.7 billion in GCF financing, and USD 24.8 billion in co-financing;
- (b) **Climate-resilient livelihoods:** the portfolio is comprised of 151 projects/programmes, with total approved GCF financing of USD 7.2 billion and mobilized co-financing of USD 16.2 billion, with a co-financing ratio of 2.25;
- (c) **Low-emission transport:** to date, 10 approved funding proposals under implementation have indicators which report against low-emission transport with total GCF approved funding of USD 1.21 billion, with a total of USD 8.22 billion mobilized in co-financing. The portfolio spans mass-transit corridors, multi-country electric mobility programmes and financing facilities building a pipeline of low-carbon assets;
- (d) **Energy capacity and efficiency:** as fossil fuel-based power generation remains the largest contributor to global greenhouse gas emissions, the GCF portfolio of investments

helps developing countries to address the dual challenge of expanding energy access while advancing low-emission development pathways. Through concessional and risk-tolerant finance, including blended equity funds, credit facilities and other innovative financing structures, GCF has helped to crowd in public and private investment for renewable energy generation, transmission, distribution, storage and decentralized access solutions:

- (i) As at 2025, this portfolio had mobilized USD 15.3 billion in co-financing alongside USD 3.9 billion in GCF financing, working through more than 45 AEs, including governments, development banks and private investors; and
 - (ii) Nearly two thirds of the projects benefit LDCs, SIDS and fragile and conflict-affected States, demonstrating the role of GCF in directing clean energy finance to countries and communities where access to capital is most constrained. Overall, the energy generation and access portfolio is helping to accelerate the energy transition by expanding clean energy capacity, reducing investment risk and supporting inclusive access to sustainable and reliable electricity
- (e) **Agriculture and food security:** as at 31 December 2025, the GCF agriculture and food portfolio comprised 151 projects/programmes spread across several results areas, including livelihoods of people and communities; health and well-being, and food and water security; and ecosystems and ecosystem services. Collectively, these projects account for USD 7.44 billion of GCF-approved funding, with an additional USD 19.29 billion in co-financing. With respect to disbursements, these projects have received USD 1.92 billion;
- (f) **Early warning systems and loss of lives from climate-related disasters:** the GCF portfolio of investments in this area, with approved financing of approximately USD 1.96 billion across 47 projects reporting against the early warning system coverage indicators, and total financing of USD 7.93 billion once co-financing is included, has become the single largest source of financing supporting climate information and early warning systems globally; and
- (g) **Nature, ecosystems and biodiversity:** this portfolio spans two GCF results areas – adaptation results area (ARA) 4 (ecosystems and ecosystem services) and mitigation results area (MRA) 4 (forestry and land use) – and reflects substantial scale and maturity. It comprises 184 projects (167 under implementation), backed by USD 4.4 billion in GCF financing and USD 7.6 billion in co-financing, with a co-financing ratio of 1.7:1 and an average maturity of 48.3 per cent.

2.2 Financial performance, disbursements and expenditures (fund utilization)

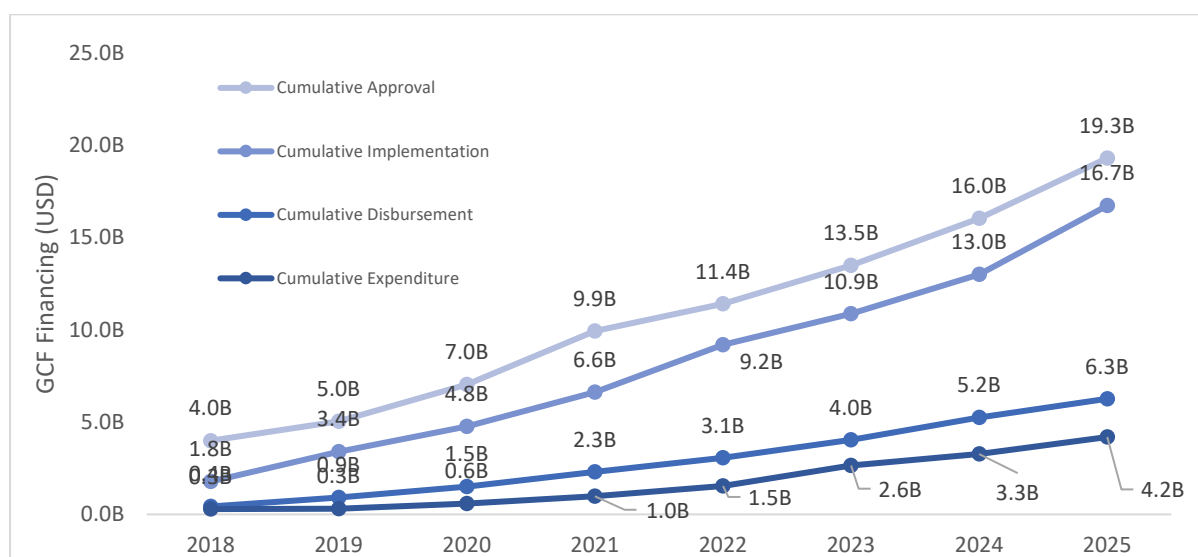
Approved funding, disbursements and expenditures

10. As depicted in figure 2, at year end 2025, the amount of GCF funding approved by the Board reached USD 19.3 billion. This follows a trend of annual increases of 25.3 per cent, which depicts a steady rise in the volume of funds approved between 2018 and 2025.
11. AEs used the full range of GCF financial instruments to finance these projects and programmes. The resulting mix comprised 45 per cent grants, 38 per cent loans, 12 per cent equity and 5 per cent other instruments, including guarantees and results-based payments.
12. The GCF funding allocated to projects under implementation grew by 37.7 per cent per year on average to USD 16.7 billion, highlighting a strong and accelerating pace in funded

activity agreement (FAA) execution. The Secretariat has been strongly focused on improving FAA execution timelines.

13. Expenditures on projects and programmes by AEs increased by an average of 46.7 per cent annually from 2018 to 2025 (see figure 2). In 2025, the expenditure rate increased to 67 per cent from 62 per cent in 2024. The progress observed in early implementation stages contributed to this slightly increased expenditure rate, with 87 projects and programmes reporting an expenditure rate above 80 per cent in 2025, compared with 59 in 2024.

Figure 2: Cumulative trend of GCF funding amounts by approved, under implementation, disbursed and expended (in USD)



Disbursements

14. Total disbursements of GCF resources for the 266 projects and programmes under implementation and that have received disbursements included in the analysis increased by USD 1.02 billion from USD 5.24 billion in 2024 to USD 6.26 billion in 2025, in line with the portfolio's continued growth. This represents year-on-year growth of 19.4 per cent and reflects the continued expansion and maturation of the portfolio under implementation.

Table 3: Cumulative disbursements by theme

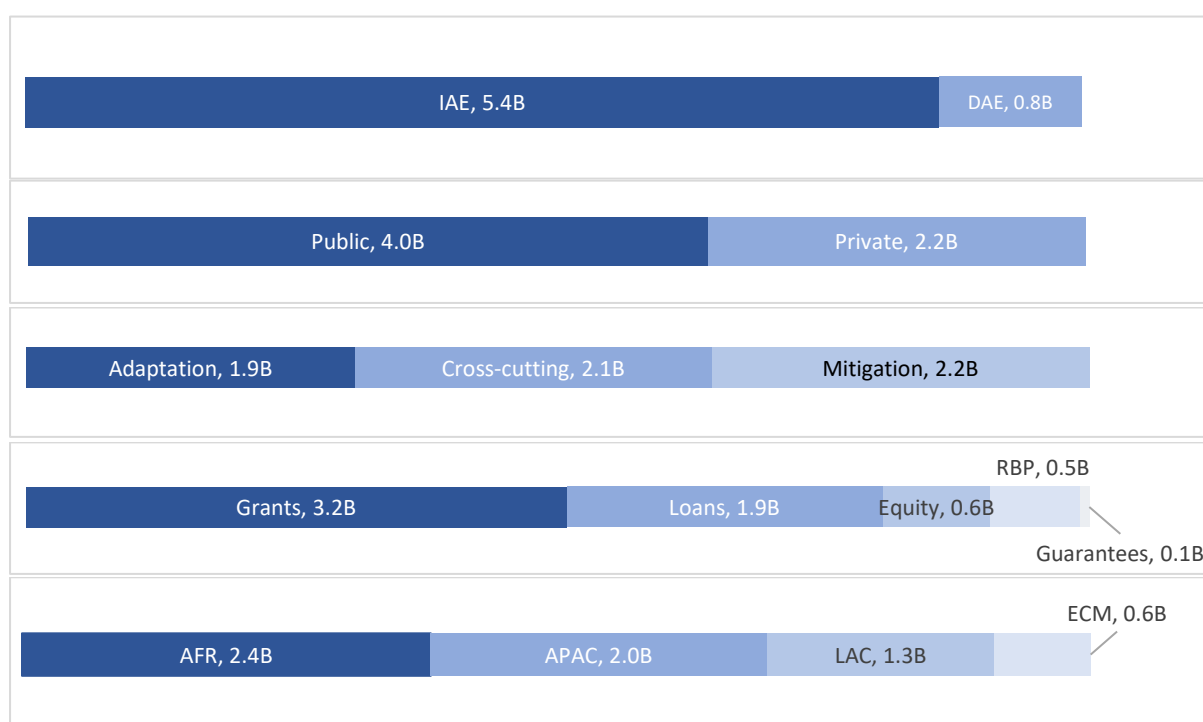
Theme	2024 cumulative disbursements	2025 cumulative disbursements	Increase	Growth
Mitigation	USD 2.04 billion	USD 2.22 billion	USD 0.18 billion	9.3%
Cross-cutting	USD 1.59 billion	USD 2.10 billion	USD 0.51 billion	32.1%
Adaptation	USD 1.62 billion	USD 1.94 billion	USD 0.32 billion	19.8%
Overall portfolio	USD 5.25 billion	USD 6.26 billion	USD 1.01 billion	19.5%

15. Cumulative disbursements increased across all three themes in 2025. The strongest proportional growth was recorded for cross-cutting projects and programmes, where cumulative disbursements increased by 32.1 per cent, from USD 1.59 billion in 2024 to USD 2.10 billion in 2025. Adaptation disbursements increased by 19.8 per cent to USD 1.94 billion, while mitigation disbursements increased by 9.3 per cent to USD 2.22 billion. Overall, cumulative

portfolio disbursements increased by approximately USD 1.02 billion, or 19.4 per cent, reaching USD 6.26 billion at the end of 2025. Mitigation continued to account for the largest cumulative amount disbursed, although the faster growth of cross-cutting and adaptation disbursements resulted in a more balanced distribution across the three themes

16. A breakdown of the disbursements as at 31 December 2025 by entity type, public vs. private sector, theme, financial instrument, regional breakdown is shown in Figure 3 below. Of the total cumulative funds disbursed as at the end of 2025, the public sector portfolio accounted for 64.3 per cent (USD 4 billion), while private sector projects received 35.7 per cent (USD 2.2 billion). IAEs accounted for the greatest portion of total disbursements (USD 5.4 billion) compared with USD 0.8 billion disbursed to DAEs.

Figure 3: 2025 disbursements breakdown by entity type, sector, region, theme and financial instrument

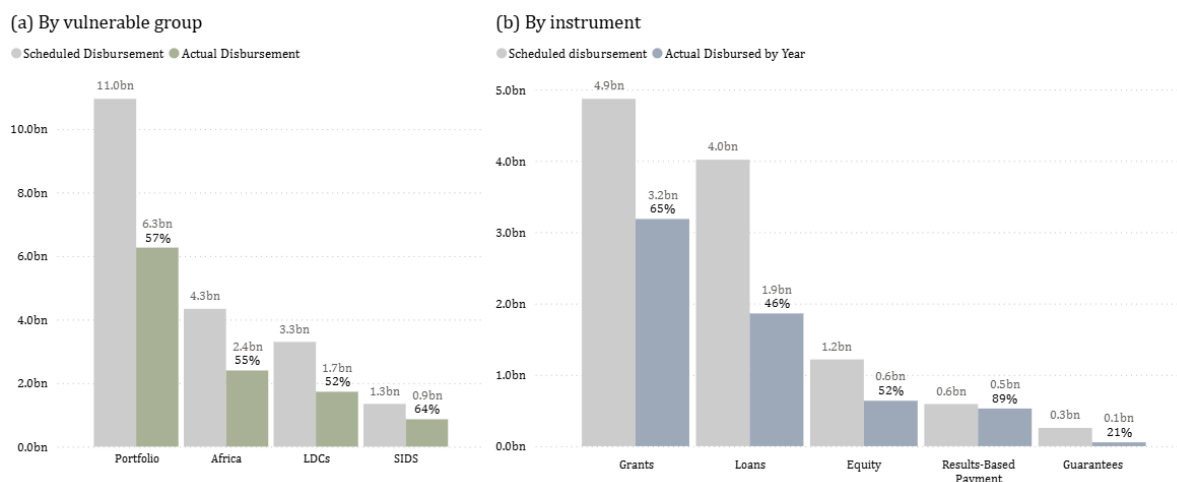


Abbreviations: AFR = African States, APAC = Asia-Pacific, B = billion, DAE = direct access entity, ECM = Eastern Europe, Central Asia and the Middle East, IAE = international access entity, LAC = Latin America and the Caribbean, RBP = results-based payment.

17. At the end of 2025, cumulative disbursements to Africa were the highest, accounting for 38 per cent (USD 2.4 billion) of total disbursements, followed by the Asia-Pacific region with 32 per cent (USD 2 billion) and Latin America and the Caribbean with 21 per cent (USD 1.3 billion). Eastern Europe, Central Asia and the Middle East accounted for 9 per cent (USD 0.6 billion).

18. In terms of disbursements, differences in delivery against scheduled disbursements are not primarily associated with project geography or vulnerability status. Projects in Africa, LDCs and SIDS all exhibit broadly similar disbursement performance (figure 4(a)). By contrast, substantially greater variation is observed across financial instruments. Grants (65%) perform above the portfolio average, while senior loans (49%) and subordinated loans (26%) show larger shortfalls, (figure 4(b)).

Figure 4: Cumulative disbursements per funded activity agreement schedule by vulnerable group and instrument (in USD, per cent)



19. Disbursements to projects and programmes in adaptation and mitigation results areas, as well as those that are cross-cutting, were 6.26 billion, with total cumulative disbursements going to mitigation projects (35.52 per cent; USD 2.23 billion), followed by adaptation (30.91 per cent; USD 1.94 billion) and cross-cutting (33.57 per cent; USD 2.1 billion).

20. In terms of financial instruments, as at the end of 2025, total cumulative disbursements of grants still accounted for above half of the total disbursements made, 51 per cent, with USD 3.2 billion. Total cumulative disbursements of loans accounted for 30 per cent, with USD 1.9 billion disbursed, followed by 10 per cent of the total cumulative disbursements of equity, with USD 0.6 billion disbursed. Guarantees have the lowest share of 1 per cent with USD 0.1 billion disbursed.

Expenditures

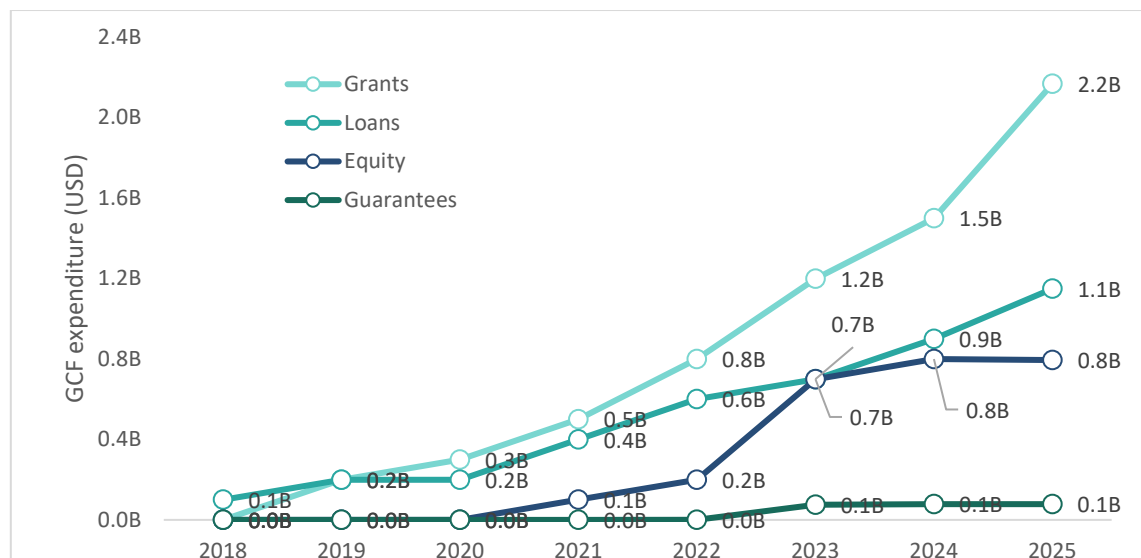
21. Of the USD 4.2 billion of GCF funds that have been expended in projects by AEs, IAEs have expended the largest share at USD 3.7 billion (or 88 per cent of total expenditures) and DAEs at USD 0.5 billion (or 12 per cent). This difference is representative of the relative size of the IAEs and DAEs portfolios, but also because IAEs have faster disbursement rates. IAEs have an expenditure rate of 68 per cent against total disbursements of USD 5.4 billion, whereas DAEs recorded a 60 per cent expenditure rate against USD 0.8 billion in total disbursements.

22. When assessing the overall portfolio expenditure rate relative to disbursed amounts, private sector projects and programmes have been performing at a slightly higher rate, achieving an average of 79 per cent compared with 60 per cent for public sector projects. Most of the public sector's expenditures (81 per cent for grants and 16 per cent for loans) were concentrated in grant and loan instruments, whereas the private sector's expenditures predominantly came from equity and loan instruments (45 per cent and 43 per cent respectively).

23. From 2018 to 2025, GCF grant expenditures grew by an average of 77.8 per cent annually (see figure 5), with total spending of USD 2.2 billion. This figure makes grants the financial instrument with the largest proportion in terms of overall expenditures. Loans have the second largest expenditure at USD 1.1 billion driven by an average increase of 50.8 per cent per year since 2018. Although still at a low base compared with grants and loans, equity experienced the fastest growth over the period, increasing by an average of 99.5 per cent per

year with total spending of USD 0.8 billion as at year end 2025. GCF guarantees which were first expended against in 2022 have remained nearly flat over the last three years at USD 0.1 billion .

Figure 5: Cumulative trend of GCF expenditure by instrument (in USD)



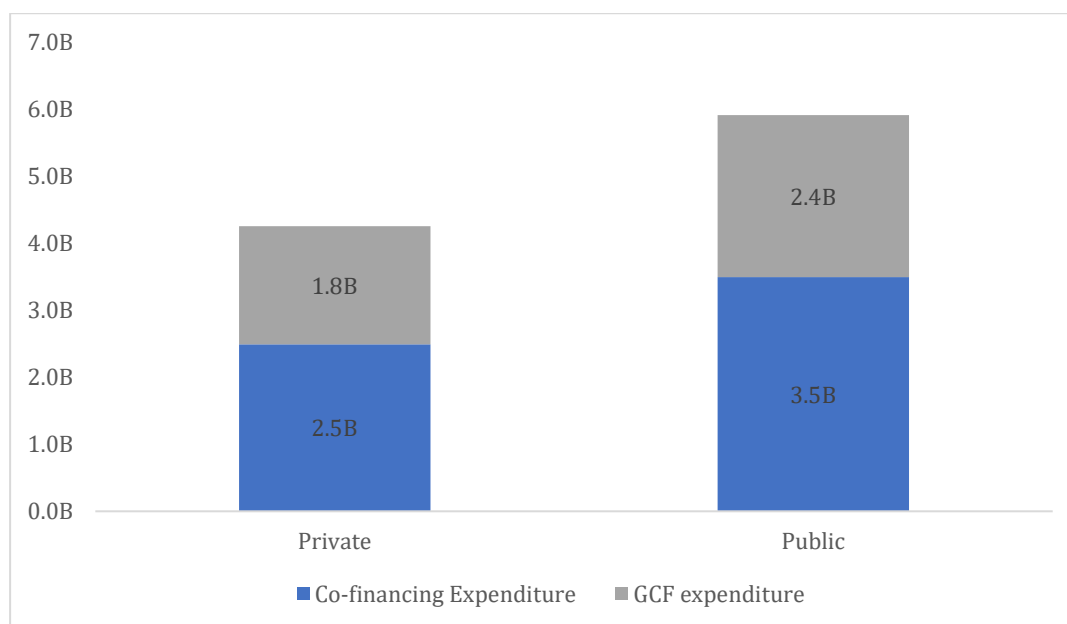
Abbreviation: B = billion.

Co-financing expenditures

24. The portfolio under implementation includes GCF financing totalling USD 16.7 billion, which is projected to mobilize up to USD 43.72 billion in co-financing, resulting in a co-financing ratio of 2.6. As at 31 December 2025, co-financing expenditures amounted to approximately USD 6 billion, which is 1.43 times higher than the cumulative USD 4.2 billion spent using GCF funds. This indicates that co-financing has been instrumental in enhancing the overall financial capacity of the projects.

25. In terms of co-financing expenditures, the public sector has delivered a larger share, with 185 projects and programmes reporting a cumulative co-financing expenditure of USD 3.5 billion representing 58 per cent of total co-financing expenditures (see figure 6). The bulk of public sector co-financing has been in the form of grants. Conversely, the private sector has contributed USD 2.5 billion in co-financing across 40 projects and programmes, primarily through loans, equity and grants. This highlights the different financial instruments leveraged by both sectors to support climate finance initiatives.

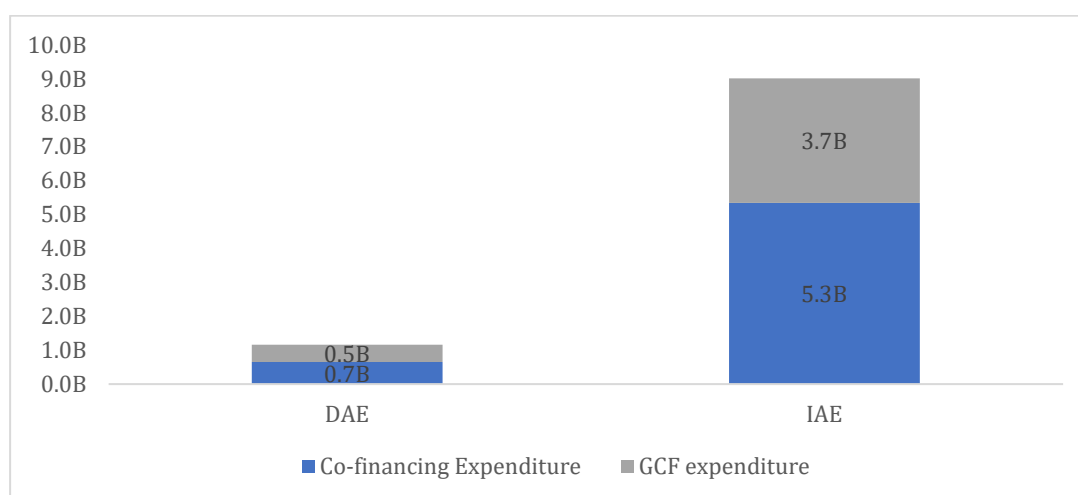
Figure 6: Cumulative co-financing expenditure versus GCF expenditure by sector (2025) (in USD)



Abbreviation: B = billion.

26. When examining co-financing expenditure by access modality, 89 per cent (USD 5.34 billion) was expended by projects and programmes managed by IAEs, while DAEs accounted for 11 per cent (USD 651 million) (see figure 7). The ratio of co-financing expenditure to GCF expenditure is approximately 1.46 for IAEs compared with 1.28 for DAEs. Co-financing expenditures from IAEs saw an increase of 25.1 per cent, rising from USD 4.27 billion in 2024 to USD 5.34 billion in 2025.

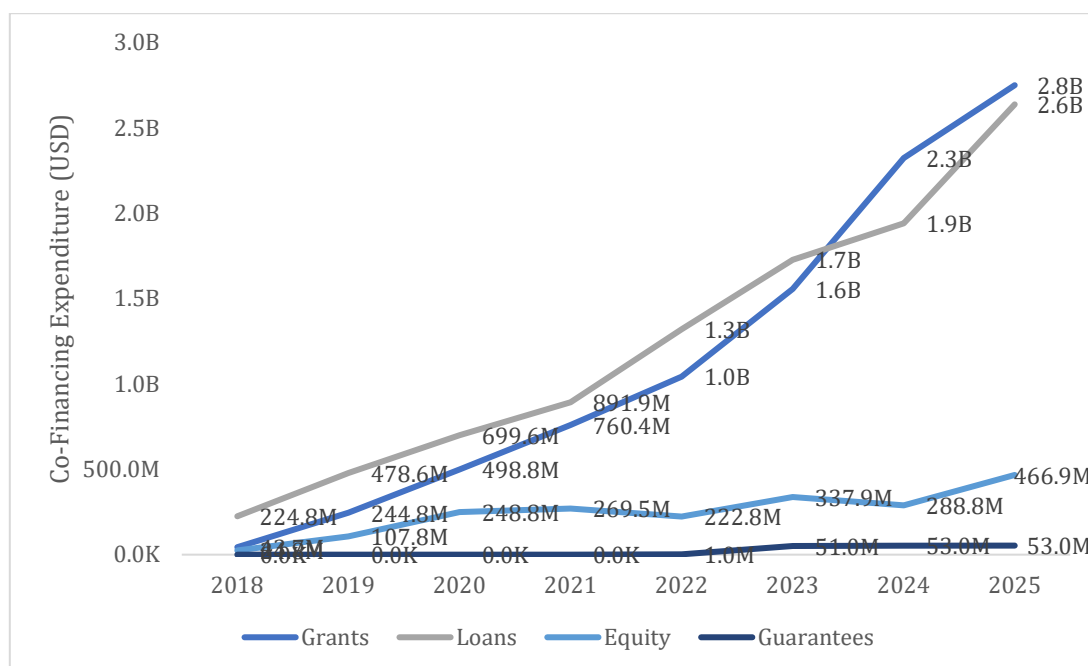
Figure 7: Cumulative co-financing expenditure versus GCF expenditure by accredited entity type (2025) (in USD)



Abbreviations: B = billion, DAE = direct access entity, IAE = international access entity.

27. Co-financing grant expenditures saw the fastest growth, increasing by 80.7 per cent annually from 2018 to 2025, reaching USD 2.8 billion by the end of 2025 (see figure 8). Co-financing loan expenditures grew by an average of 42.2 per cent annually, reaching USD 2.6 billion in 2025. Co-financing equity expenditures grew at 52.1 per cent annually, reaching USD 466.9 million in 2025. Meanwhile, co-financing guarantees increased marginally by 0.06 per cent, from USD 53 million in 2024 to USD 53.033 million in 2025.

Figure 8: Cumulative trend of co-financing expenditure by instrument (in USD)



Abbreviation: K = thousand, M = million, B = billion.

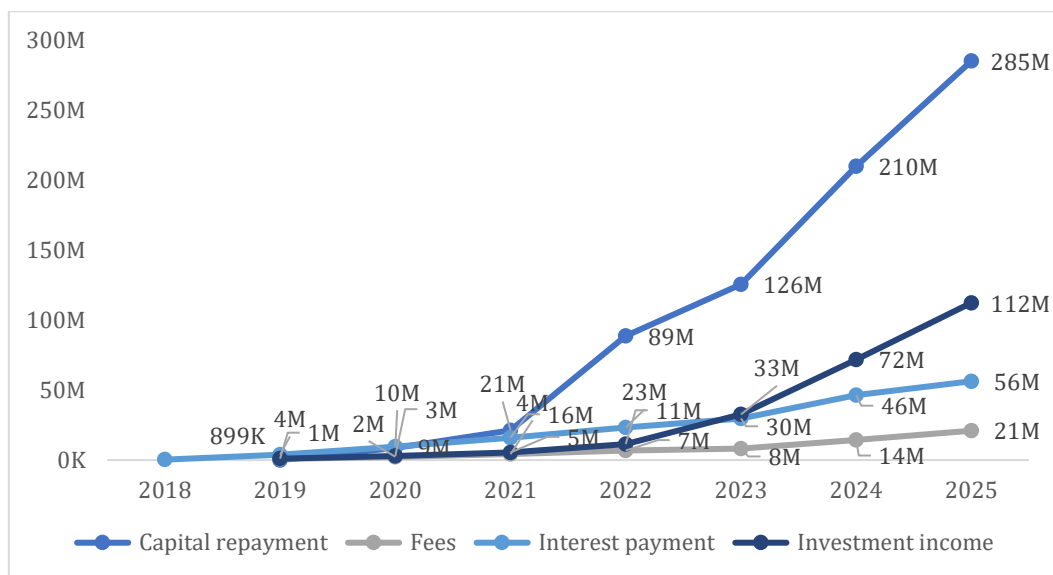
Reflows and investment income

28. GCF annual reflows in 2025 totalled USD 188 million, bringing the aggregate amount to USD 531 million as at the end of 2025. As the portfolio matures, and more loans committed and disbursed to projects and programmes are reaching the end of their grace period, the expectation is that annual reflow amounts increase significantly in the coming years. The cumulative trend of reflows from 2018 to 2025 is depicted in figure 9.

29. Capital repayments increased year-on-year (from USD 210 million in 2024 to USD 285 million in 2025). Investment income⁴ reflowed to GCF increased from USD 72 million in 2024 to USD 112 million in 2025.

⁴ The investment income component is earned on funds disbursed by GCF but not spent and retained in interest-bearing bank accounts managed by the projects and programmes.

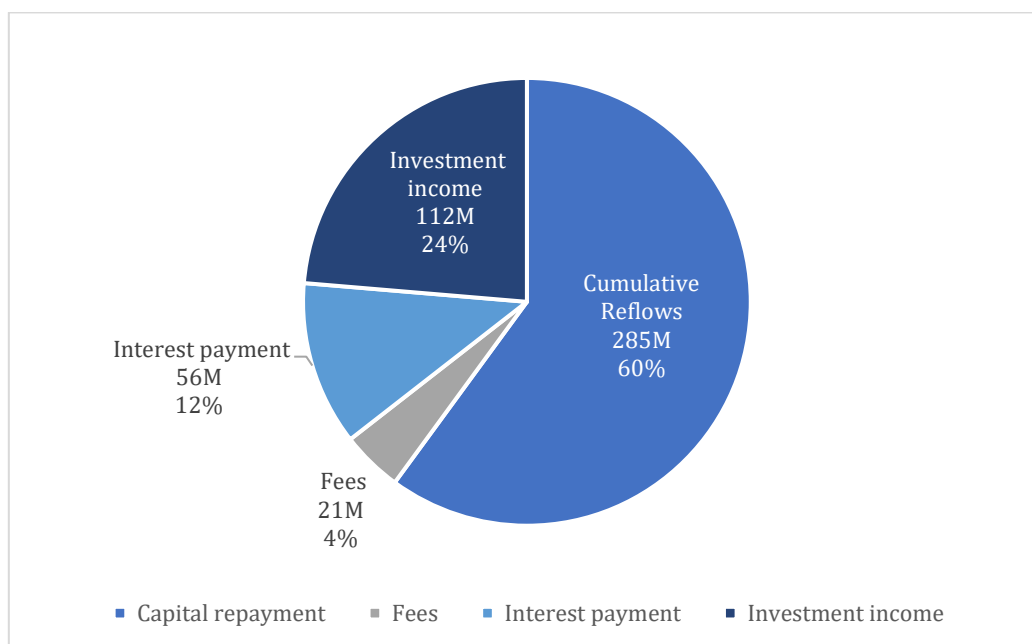
Figure 9: Cumulative trend of reflows (in USD)



Abbreviation: K = thousand, M = million.

30. The split of the cumulative reflows and investment income as at 31 December 2025 is shown in figure 10.

Figure 10: Cumulative reflows and investment income (in USD, per cent)



Abbreviation: M = million.

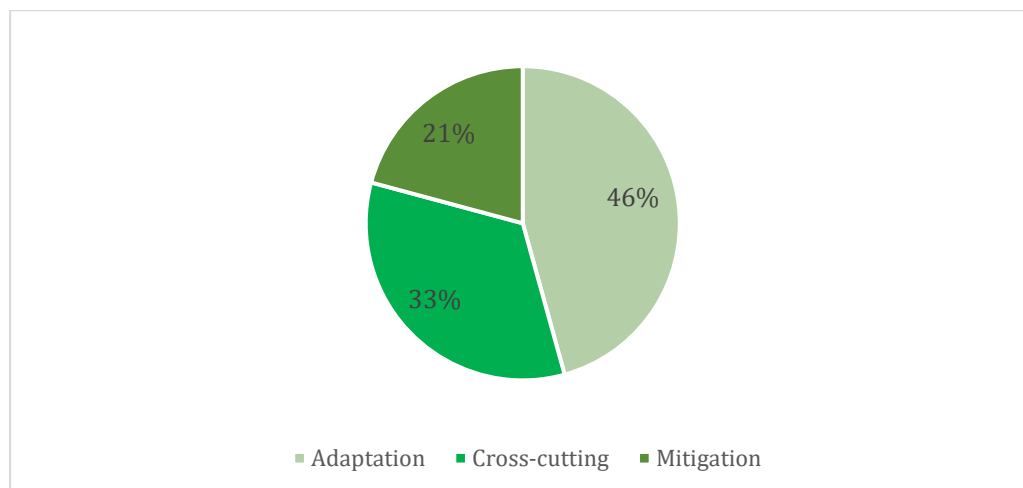
2.3 Progress on results

Annual performance reports

31. The results presented throughout this annual portfolio performance report are sourced from the APRs submitted by AEs as part of the calendar year 2025 reporting cycle. Of the 336 projects/programmes which comprised the GCF portfolio as at the end of 2025, 293 (87 per

cent) were under implementation and 221 submitted APRs. Additionally, 24 projects/programmes requested waivers, while 37 submitted their final APRs/PCRs as of this report's data cutoff date. With respect to projects/programmes submitting APRs, adaptation projects accounted for the largest share at 46 per cent, followed by cross-cutting projects at 33 per cent and mitigation projects at 21 per cent (see figure 11).

Figure 11: Annual performance reports portfolio allocation



Results delivery of the portfolio under implementation

32. Based on the Board-approved Integrated Results Management Framework (IRMF), GCF uses four core indicators to measure the impact of its climate investments across its eight mitigation and adaptation results areas. These indicators track greenhouse gas emission reductions (core 1), beneficiaries made more resilient (core 2), the \$ value of assets made more resilient (core 3) and the number of hectares of natural resource areas under improved low-emission and/or resilient management (core 4).

33. In addition, the IRMF articulates 16 supplementary indicators that AEs can leverage to provide detailed, sector- and project-specific metrics that enhance the measurement of results and impact beyond the four core indicators. These indicators, such as early warning system coverage, MW installed or beneficiaries made more resilient through improved food security, allow for disaggregated reporting by gender, vulnerability and asset type, supporting more granular tracking of results and impact.

34. GCF projects also generate a wide array of co-benefits that extend beyond their primary climate mitigation and adaptation areas of focus. These co-benefits span different categories, including environmental, social (encompassing health) and economic. For example, projects have reported co-benefits such as job creation, improved access to education and health services and enhanced gender equity.

35. As at 31 December 2025, projects and programmes under implementation had reported continued progress across the GCF core mitigation and adaptation indicators. Emissions reduced or avoided reached 150.5 Mt CO₂ eq, representing a 57 per cent increase compared with 2024. The portfolio also delivered substantial adaptation benefits, the number of people reached increased by 51 per cent to 377.0 million, with the value of physical assets made more resilient rising from USD 0.44 billion to USD 1.13 billion and land under improved management increasing to 39.3 million hectares.

36. The portfolio is broadly delivering results across the globe, including in areas of GCF-mandated investments such as Africa, Asia-Pacific, Latin America and the Caribbean, as well as Eastern Europe, Central Asia and the Middle East. The Secretariat's analysis indicates that Africa

and Asia-Pacific account for most geographically attributable results. For emissions reduced or avoided, Africa contributed approximately 61.9 Mt CO₂ eq; Asia-Pacific contributed 56.6 Mt CO₂ eq; Latin America and the Caribbean contributed 12.2 Mt CO₂ eq; and Eastern Europe, Central Asia and the Middle East contributed 6.3 Mt CO₂ eq. Cross-regional and or unallocated results accounted for 13.5 Mt CO₂ eq.

37. The geographical distribution of the adaptation portfolio also demonstrates a similar pattern, with strong concentration of results in Africa and Asia-Pacific. Africa delivered the most in terms of people benefiting from GCF investments, with 39.9 million beneficiaries adopting climate-resilient livelihoods and 9.7 million beneficiaries with improved food security. Asia-Pacific represents the second largest share of results delivery with approximately 11.9 million people adopting climate-resilient livelihoods and 4.5 million beneficiaries with improved food security.

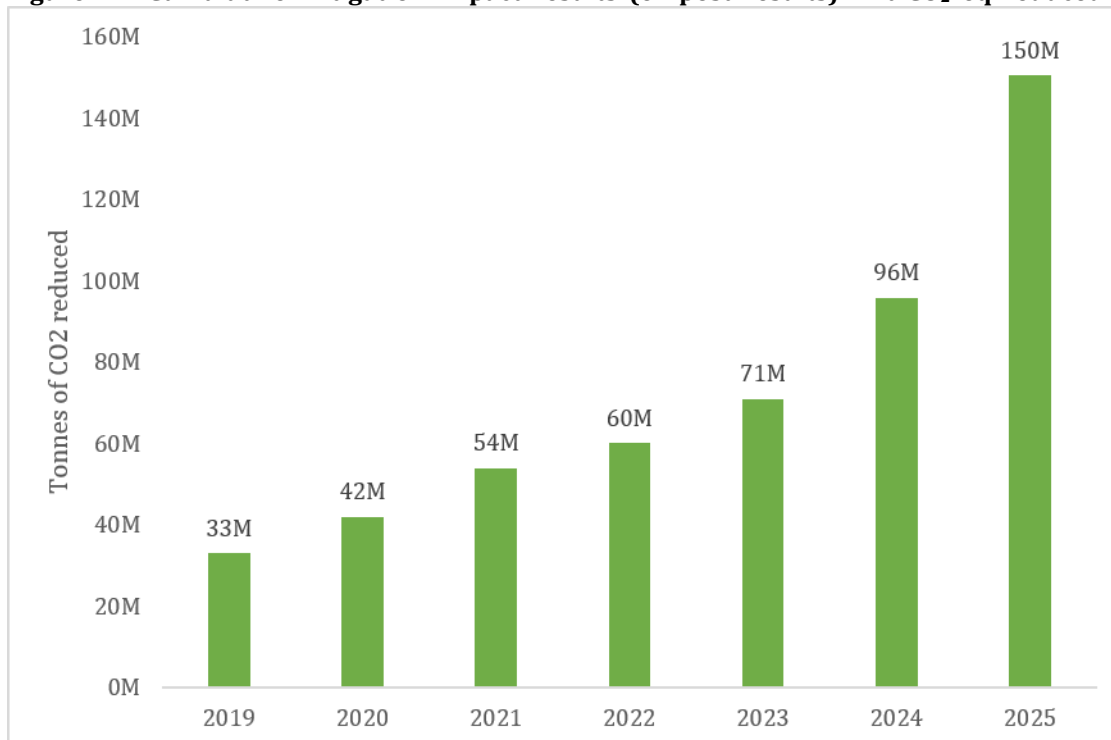
Measuring results and impact of the GCF portfolio under implementation

38. In the following sections, more details are provided for results from GCF investments for the four core indicators as well as six supplementary indicators which the Secretariat has been able to aggregate at a portfolio level. Detailed insights are presented for the areas of climate-resilient water security and livelihood options, low-emission energy capacity and efficiency, improved or sustained food security and early warning systems and reduced loss of lives from climate-related disasters. An analysis of results delivered by the private sector portfolio is also presented. In addition, insights into co-benefits delivered by the portfolio are presented.

Core 1: Mitigation results delivery

39. The GCF portfolio of mitigation projects spans diverse types of interventions, including renewable energy, energy efficiency, low-emission transport and nature-based solutions such as reforestation and land restoration. In 2025, 71 projects reported combined reductions of 150.5 Mt CO₂ eq (see figure 12), which is a 57 per cent increase from 2024 levels. These results represent 26 per cent of the expected final target of 580.6 Mt CO₂ eq of avoided emissions by the end of the project implementation period (average six to eight years) for this set of projects. The target excludes those projects that have yet to report results. Notably, this results figure is a conservative estimate, as values that have been reported by AEs but are pending verification are not included.

Figure 12: Cumulative mitigation impact results (ex post results) in t CO₂ eq reduced by year



Abbreviation: M = million.

40. These results highlight the fact that mitigation projects often show low delivery of greenhouse gas emission reductions early in their implementation owing to what are often long project lifetimes. Indeed, these projects often deliver emission reductions post their implementation period. Additionally, even beyond the implementation period (averaging approximately 7.7 years for the mitigation portfolio as at December 31, 2025), these projects are expected to deliver significantly greater mitigation potential over their lifetime (average 20–40 years). Therefore, even with relatively high implementation or disbursement rates, which are indicators of advanced progress in implementation, many mitigation and cross-cutting projects are still to deliver their forecasted lifetime emission reductions.

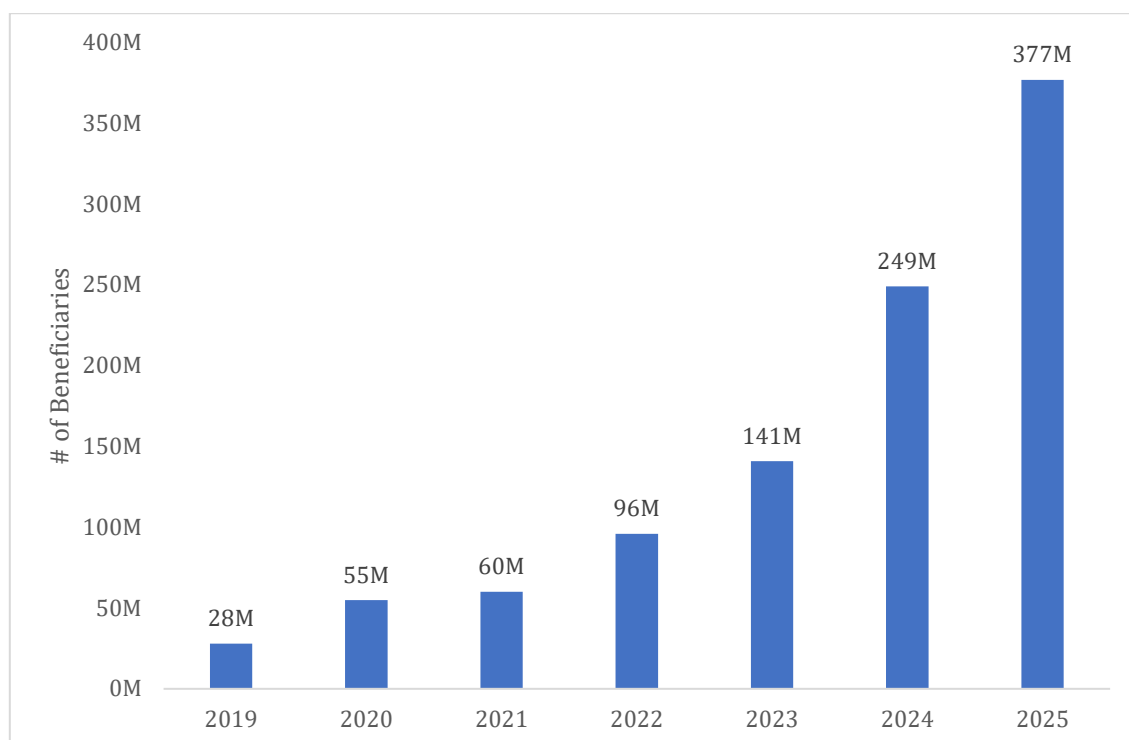
41. In terms of the overall mitigation portfolio, as at 31 December 2025, 110 projects/programmes with average maturity and disbursement rates of 30.5 per cent and 18 per cent respectively have not yet contributed to the results.⁵ Upon completion, these projects are expected to deliver an additional 731.1 Mt CO₂ eq by the end of their implementation period, bringing the total final target to 1.3 billion t CO₂ eq. Over their lifetime, these 110 projects/programmes are expected to contribute an additional 1.7 Gt CO₂ eq, bringing the total anticipated lifetime target to 3.2 Gt CO₂ eq.

Core 2: Adaptation results delivery

42. In 2025, a total of 149 projects and programmes (with an average implementation maturity rate of 67 per cent) benefited approximately 377 million people (figure 13). Direct beneficiaries grew by 24 per cent (76 million to 94 million) and indirect by 64 per cent (173 million to 283 million).

⁵ The 110 projects/programmes exclude 11 REDD+ results-based payment projects, which are not expected to generate and report implementation results on the same basis as other GCF-funded projects/programmes.

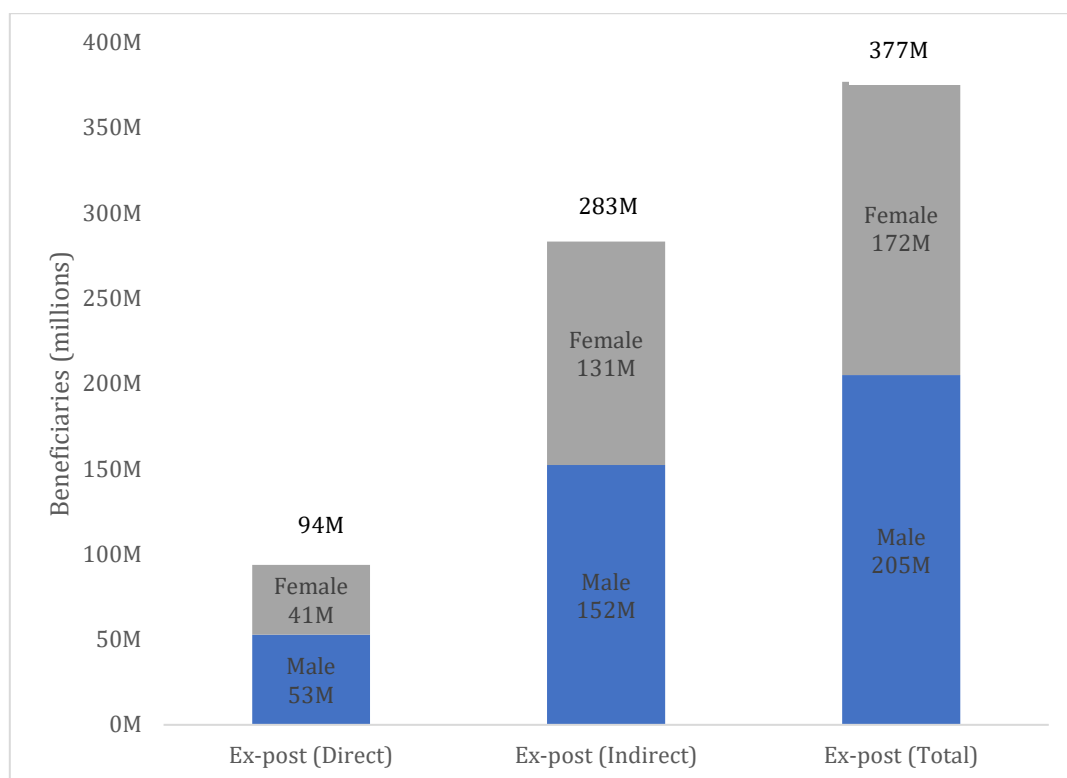
Figure 13: Cumulative adaptation impact achieved by year



Abbreviation: M = million.

43. As seen in figure 14, the 377 million beneficiaries were split as follows: 54 per cent (205 million) are male and 46 per cent (172 million) are female. The female share rose from 38 to 46 per cent. To enhance the reliability and accuracy of these estimates, the Secretariat, in collaboration with AEs, will continue to review adaptation targets and reported results as part of ongoing quality assurance efforts.

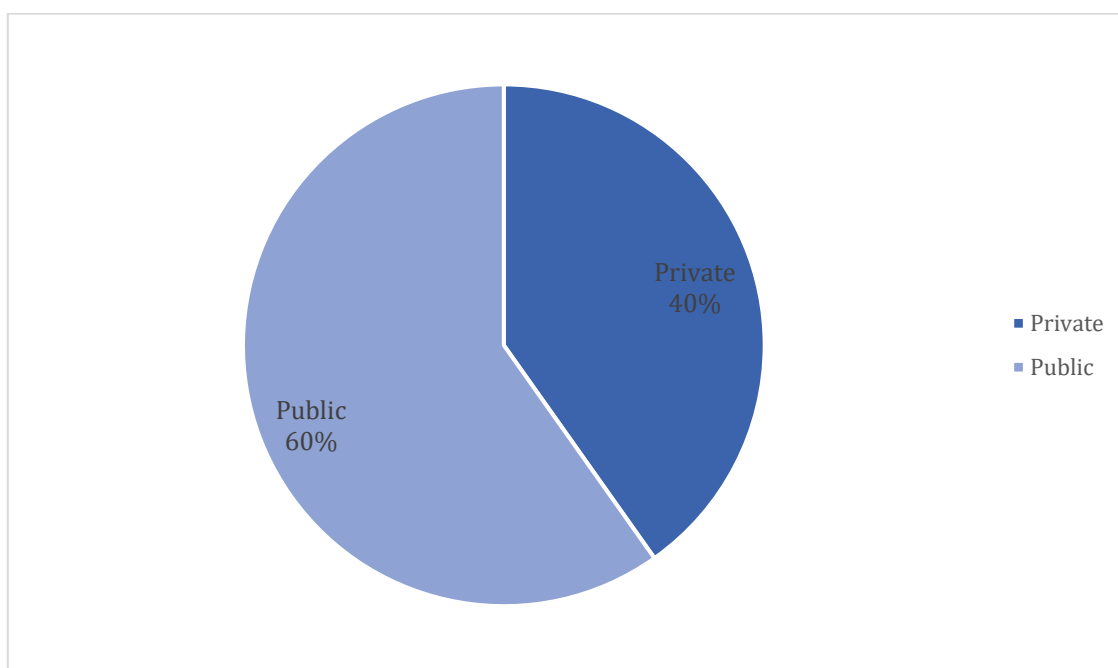
Figure 14: Cumulative adaptation beneficiaries and disaggregation (male/female)



Abbreviation: M = million.

44. As shown in figure 15, public sector projects were responsible for reaching 225 million beneficiaries, representing 60 per cent of the total cumulative number of beneficiaries reached in 2025.

Figure 15: Percentage of adaptation beneficiaries (public versus private sector projects)

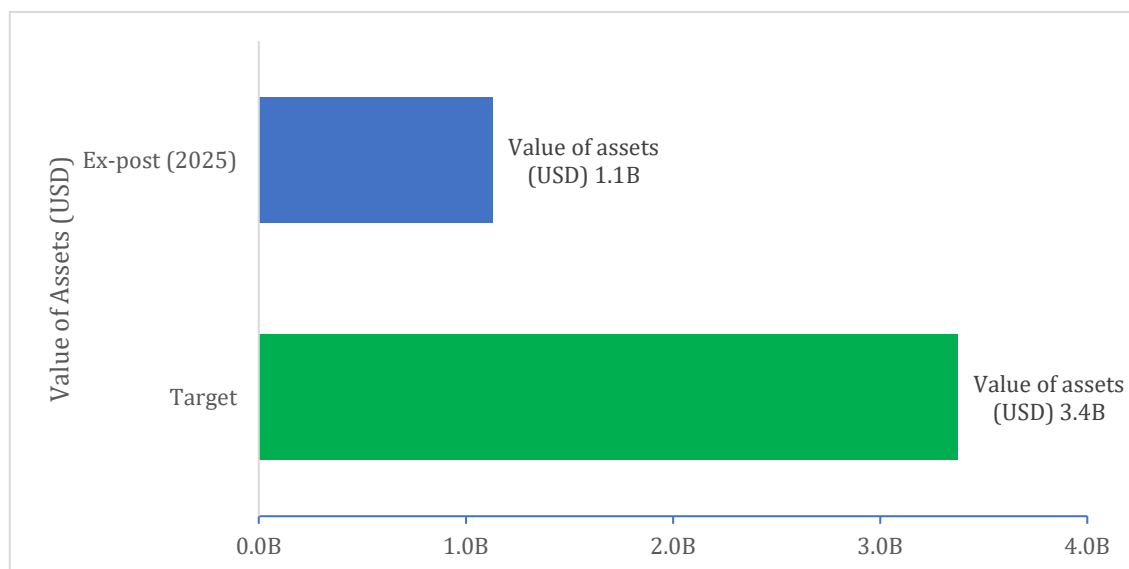


45. Currently, 144 projects have not yet contributed to the anticipated results owing to the early stage of implementation with an average maturity rate and disbursement rate of 20.5 per cent and 12 per cent respectively.

Core 3: Value of physical assets made more resilient

46. With respect to this indicator, 26 projects with an average implementation maturity rate of 66 per cent and a disbursement rate of 65 per cent reported that approximately USD 1.1 billion worth of physical assets were made more resilient to climate change (see figure 16).⁶ This represents 33 per cent of the expected target value of USD 3.4 billion. These investments reflect efforts made in terms of climate-proofing infrastructure and systems.

Figure 16: Value of physical assets made more resilient to climate change (in USD)



Abbreviation: B = billion.

47. A total of 50 projects have not yet contributed to the results for core 3, reflecting average maturity and disbursement levels of 38 per cent and 26 per cent respectively. These projects require sufficient disbursement and maturity to indicate measurable impact. Full implementation of these projects is anticipated to mobilize an additional USD 20 billion in assets, thereby raising the overall target to USD 23.5 billion.

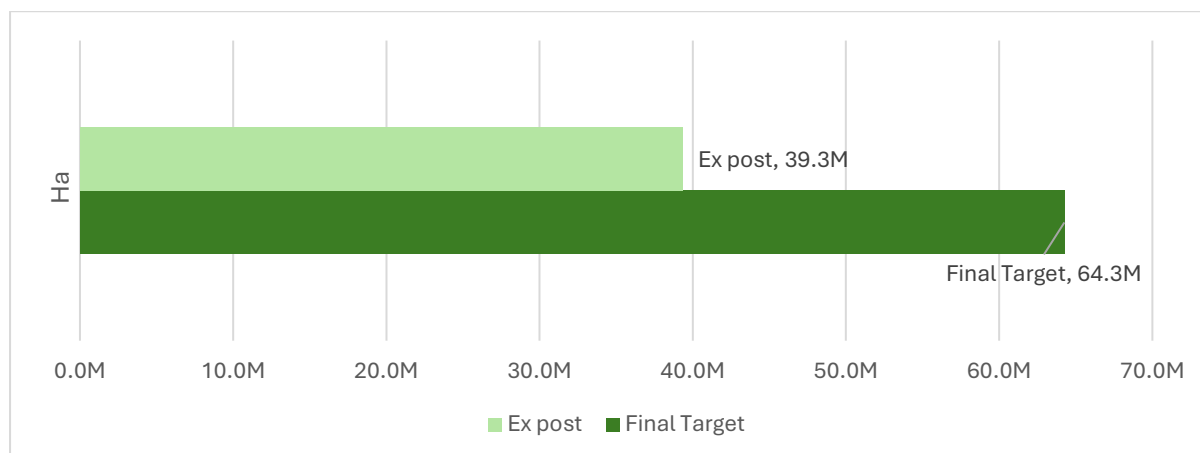
Core 4: Hectares of ecosystems restored, covered, protected or brought under improved low-emission and/or climate-resilient management

48. In 2025, 63 projects with an average maturity rate of 66 per cent and average disbursement rate of 62 per cent have supported the restoration of landscapes and the sustainable use of natural resources by bringing approximately 39.3 million hectares of land under sustainable management practices.⁷ This represents an increase of 18 per cent from the 33.2 million hectares reported in 2024, as the number of reporting projects grew from 38 to 63. This achievement accounts for 61 per cent of the target value of 64.3 million hectares to be placed under sustainable management.

⁶ For projects reporting values in euros, amounts were converted to United States dollars using the exchange rate of EUR 0.8608 per USD 1 as at 31 August 2026.

⁷ To contextualize this scale, the area brought under improved management is larger than the entire land area of Germany, and equivalent to approximately 6 per cent of the entire Amazon rainforest.

Figure 17: Hectares of ecosystems restored



Abbreviations: Ha = hectares, M = million.

49. These results span a continuum of interventions and outcomes, from the protection and strengthening of ecosystems against climate variability to the restoration of degraded landscapes to the improved management of productive natural resources. These outcomes are delivered through targeted interventions such as nature-based solutions and ecosystem restoration, protected area management and biodiversity conservation, sustainable agriculture and land use, water and coastal ecosystem protection, and forest and other types of land conservation, reflecting the diversity of approaches through which the portfolio advances climate and nature objectives together. These efforts contribute to safeguarding biodiversity, enhancing ecosystem services, and strengthening the resilience of local communities, while generating mitigation outcomes.

50. Currently, 63 projects have not yet contributed to the anticipated results because they remain at an early stage of implementation, with average maturity and disbursement rates of 24 per cent and 35 per cent respectively. Once completed, these projects are expected to bring 316 million hectares under sustainable management.

Table 4: Portfolio-level results from the supplementary indicators

Results area	Ex ante targets of reporting projects	Ex post achieved results (2024)	Ex post achieved results (2025)	Change, 2024-2025	2025 Achievement (Ex post 2025 against targets)
Climate-resilient water security (Supp 2.3, A2.3)	5.7 million beneficiaries	1.1 million beneficiaries	1.7 million beneficiaries	55%	30%
Climate-resilient livelihood options (Supp 2.1, A1.2)	89.6 million beneficiaries	50.3 million beneficiaries	54.2 million beneficiaries	8%	61%
Low-emission energy capacity (Supp 1.3, M6.3)	15,401 MW	7,476 MW	8,300 MW	11%	54%
Energy efficiency (Supp 1.1, 1.4, M7.1)	57.2 million MWh	10 million MWh	17.7 million MWh	77%	31%
Improved or sustained food security (Supp 2.2 and A2.2)	11.6 million beneficiaries	n/a	14.5 million beneficiaries	n/a	125%



Results area	Ex ante targets of reporting projects	Ex post achieved results (2024)	Ex post achieved results (2025)	Change, 2024-2025	2025 Achievement (Ex post 2025 against targets)
Early warning systems and reduced loss of lives from climate-related disasters (Supp 2.4, A7.2)	8.1 million beneficiaries	n/a	8.6 million beneficiaries	n/a	106%

51. **Overview:** the table above presents results achieved for six GCF supplementary indicators that the Secretariat has aggregated at the portfolio level and compares 2024 with 2025 achievement levels. That analysis is further detailed in the sub-sections below.

- (a) **Climate-resilient water security:** as water demand continues to rise and over 2 billion people still lack access to safe drinking water, climate change is placing unprecedented pressure on already stressed water systems. GCF investments in integrated solutions that strengthen water security for people, water for food and water for the planet have directly benefited nearly 40 million people. In 2025 alone, GCF-supported investments also provided year-round safe water access to nearly 1.7 million people, an increase of 55% above 2024 levels of 1.1 million people;
- (b) **Climate-resilient livelihood options:** in 2025, 85 projects reported results through their APRs. Against approved targets, this portfolio has reached 54.2 million beneficiaries representing 61 per cent progress towards the target of 89.6 million beneficiaries;
- (c) **Low-emission energy capacity and energy efficiency:** GCF-supported projects in energy generation and access have delivered substantial mitigation results, with 8,300 MW of new clean energy capacity installed across 94 countries, supporting the expansion of renewable energy in markets where investment barriers remain significant. With respect to energy efficiency, these investments delivered cumulative energy savings of 17.7 million MWh, cutting energy use and emissions in high-emitting sectors;
- (d) **Improved or sustained food security:** specifically with respect to food and food systems transformation, the portfolio supported 14.5 million people in improving food security in 2025. Beyond contributing to adaptation measures, the agriculture portfolio has made a strong contribution to mitigation initiatives with a reduction in emissions amounting to 34.79 Mt CO₂ eq. In addition, through cross-cutting initiatives, 13 million hectares of land have been brought under sustainable land management and agricultural practices by these projects;
- (e) **Early warning systems and reduced loss of lives from climate-related disasters:** a total of 47 available 2025 APRs that reported against the supplementary indicator 7.2 of the IRMF were reviewed. To date, this financing has helped to reach 8.6 million people against a final target of 8.1 million (106% achieved) of all projects. The key finding in the Secretariat's analysis of these projects is the difference between upstream work and warning dissemination. Risk knowledge and forecasting have more evidence than the final step of issuing warnings;

52. Furthermore, additional thematic analyses conducted by the Secretariat show that:

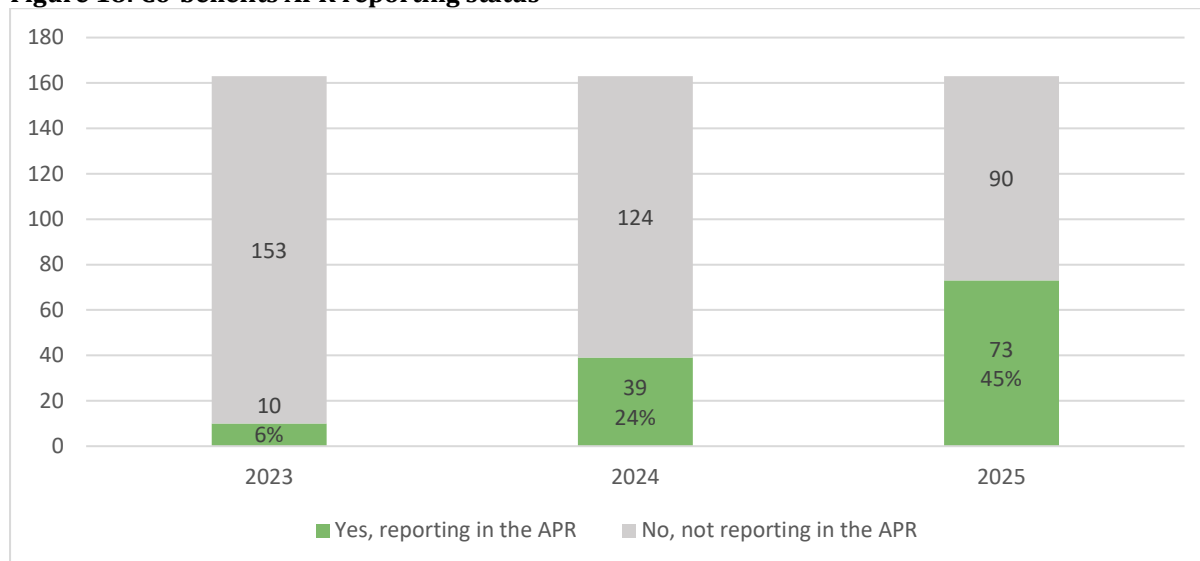
- (a) **Low-emission transport:** against greenhouse gas emissions reduced, avoided or removed, the portfolio reports 28.1 Mt CO₂ eq against a combined target of 189.3 Mt CO₂ eq, or 14.8 per cent. These results mainly stem from two projects, in China and in India, which together account for 98 per cent of this total; and

- (b) **Nature, ecosystems and biodiversity:** against its mitigation target of 132.0 Mt CO₂ eq, the portfolio has delivered 61.8 Mt CO₂ eq in reductions, corresponding to a 47.0 per cent achievement rate, with results delivered across Africa (33.4 Mt CO₂ eq), Asia-Pacific (13.2 Mt CO₂ eq), Eastern Europe, Central Asia and the Middle East (2.1 Mt CO₂ eq) and Latin America and the Caribbean (11.3 Mt CO₂ eq); a further 144.2 Mt CO₂ eq has been verified separately through REDD+ results-based payments across 12 projects. These results are being achieved through targeted interventions in forest protection, restoration and sustainable forest management, each contributing to a paradigm shift in the forest and land-use sector and delivering long-term mitigation benefits.
53. Lastly:
- (i) This portfolio has delivered substantial adaptation and land-based outcomes. Against an adaptation target of 112.5 million beneficiaries, the portfolio has reached 16.2 million beneficiaries, representing 14.4 per cent progress, with results delivered across Africa (5.6 million beneficiaries), Asia-Pacific (5.3 million beneficiaries), Eastern Europe, Central Asia and the Middle East (0.5 million beneficiaries), and Latin America and the Caribbean (4.7 million beneficiaries); and
 - (ii) On land and ecosystem outcomes, the portfolio has brought 39.3 million hectares under improved protection, restoration or climate-responsive management against a target of 64.3 million hectares, corresponding to 61.0 per cent achievement, with results delivered across Africa (13.0 million hectares), Asia-Pacific (24.3 million ha), Eastern Europe, Central Asia and the Middle East (0.04 million ha) and Latin America and the Caribbean (2.0 million ha). These results reflect targeted investments in ecosystem-based adaptation, sustainable land and natural resource management and community-centred resilience-building, reinforcing the portfolio's contribution to integrated, nature-based climate action.

Co-benefits

54. To date, since the reporting of co-benefits began with the implementation of the IRMF at the thirty-second meeting of the Board (B.32), 163 projects/programmes have reported co-benefits. Co-benefit reporting almost doubled from 40 projects in 2024 to 73 in 2025; however, results remain at an early stage, with 76 per cent of the indicators still having results below 25 per cent of target. Once standardized definitions are in place (to be presented to the Board in the harmonized results management framework (HRMF) at B.46), the aggregation of these co-benefits at the portfolio level will be more seamless and efficient.

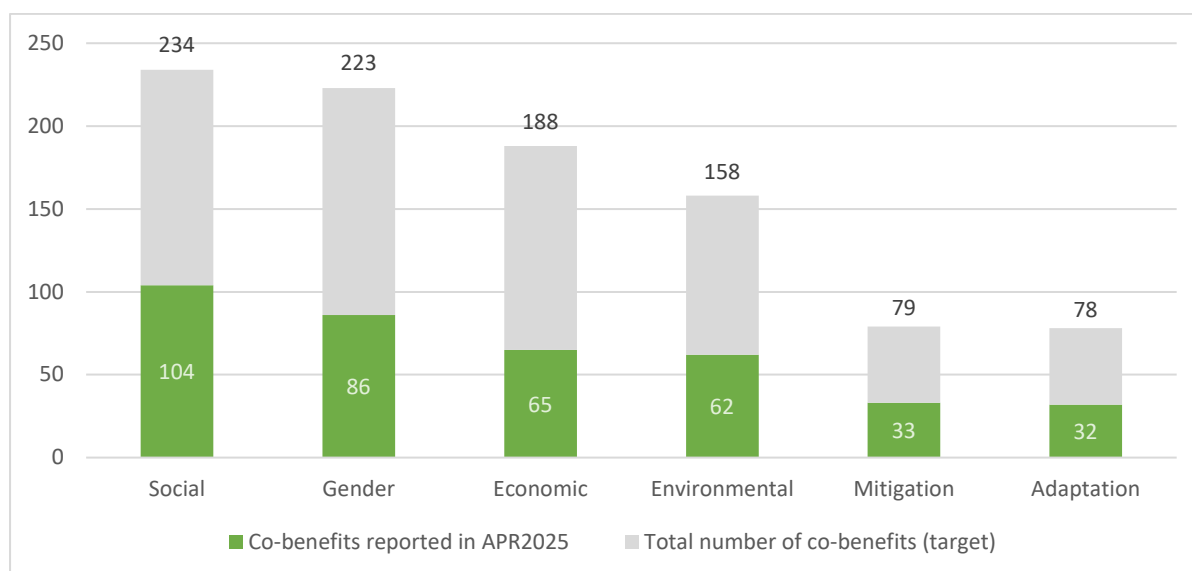
Figure 18: Co-benefits APR reporting status



Abbreviation: APR = annual performance report.

55. It is important to note that each project can have multiple co-benefits, and each co-benefit can have several indicators which are used to measure its results and impact.⁸ As part of its ongoing work to improve results measurement, the Secretariat is making efforts to standardize the definitions of specific co-benefit indicators. These actions will facilitate the transparent reporting at an aggregate level of the range of co-benefits (such as jobs created) that the GCF portfolio is delivering.

Figure 19: Co-benefits by category



Abbreviation: APR = annual performance report.

56. While the co-benefit indicators are not standardized, it is possible to aggregate common indicators on the basis of intended impacts of the projects:

- (a) Thirty projects, representing 19 per cent of the total number of projects, reported that they delivered health co-benefits. Additionally, 28 co-benefits are identified as health

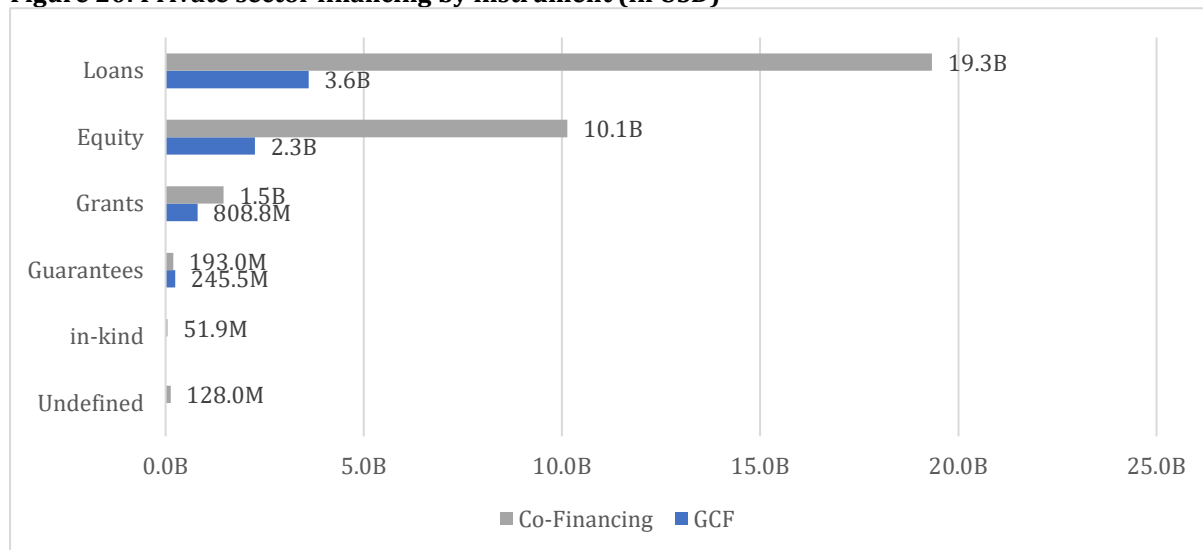
⁸ Co-benefit categories are not mutually exclusive; for example, one co-benefit can be classified as both environmental and social.

- related. Moreover, 15 per cent of the health-related co-benefits are categorized as gender related;
- (b) FP190 and FP227 aim to provide sanitation as a co-benefit reaching 2.2 million people;
 - (c) Eight projects are aiming to reduce pollutants (nitrogen oxides, sulphur oxides, fine particulate matter, coarse particulate matter), targeting a reduction of 75,037 tonnes of pollutants; and
 - (d) Forty-five projects in the current portfolio are targeting job creation, and in terms of jobs created from results reported by AEs in APRs for 2025, an initial Secretariat analysis indicates that 154,586 new jobs were created, an increase of 111% over the 73,200 jobs reported in last year's APRs.
57. The Secretariat also notes that AEs can classify co-benefits as either adaptation or mitigation related:
- (a) At least 12 projects aim to make beneficiaries more resilient, with a target of reaching 13.8 million people, with 31 per cent of these co-benefits being gender related;
 - (b) Out of the 16 indicators used to measure the number of beneficiaries made more resilient, 3 indicators specifically target women, aiming to reach a total of 172,000 women and girls. However, among these indicators, only one has reported progress: the number of women and adolescent girls who no longer need to go to communal shelters under FP206. This indicator has achieved a total of 400 women out of a final target of 7,000, reflecting a progress rate of 6 per cent; and
 - (c) Six projects focus on hectares under restoration, with a final target of 75.1 million hectares. Similarly, five projects aim for conservation, targeting 1.2 million hectares, with 765 hectares already achieved. Additionally, fifteen projects are working towards sustainable management, with a final goal of 3.5 million hectares, showing an achieved progress of 12.4 per cent with 441,977 hectares.

Private sector portfolio overview

58. As at 31 December 2025, the GCF private sector portfolio comprised 79 projects and programmes with a GCF funding amount of USD 6.92 billion. Total projected co-financing amounted to USD 31.31 billion, showing a strong private sector co-financing ratio of 4.53, which is higher than the public sector co-financing ratio of 2.26. Projects in the private sector portfolio also had a broad regional coverage across Africa (44.3 per cent), Asia-Pacific (35.1 per cent), Latin America and the Caribbean (16.1 per cent) and Eastern Europe, Central Asia and the Middle East (4.5 per cent).
59. Across the eight GCF mitigation and adaptation results areas, investment towards the mitigation areas remained a primary focus, with the results area on energy generation and access amounting to 35.7 per cent, followed by the results area on buildings, cities, industries and appliances with 21.3 per cent.
60. With respect to the mix of financial instruments used by private sector projects/programmes, figure 20 provides some insight into the breakdown: loans are the most frequently used instrument, followed by equity and then grants and guarantees. In particular, the highest co-financing ratios pertain to loans and equity at 5.36 and 4.50 respectively, meaning every dollar of GCF commitments in loans leverages about 5.4 dollars in co-financing loans, and every dollar in equity leverages about 4.5 dollars in co-financing equity.

Figure 20: Private sector financing by instrument (in USD)

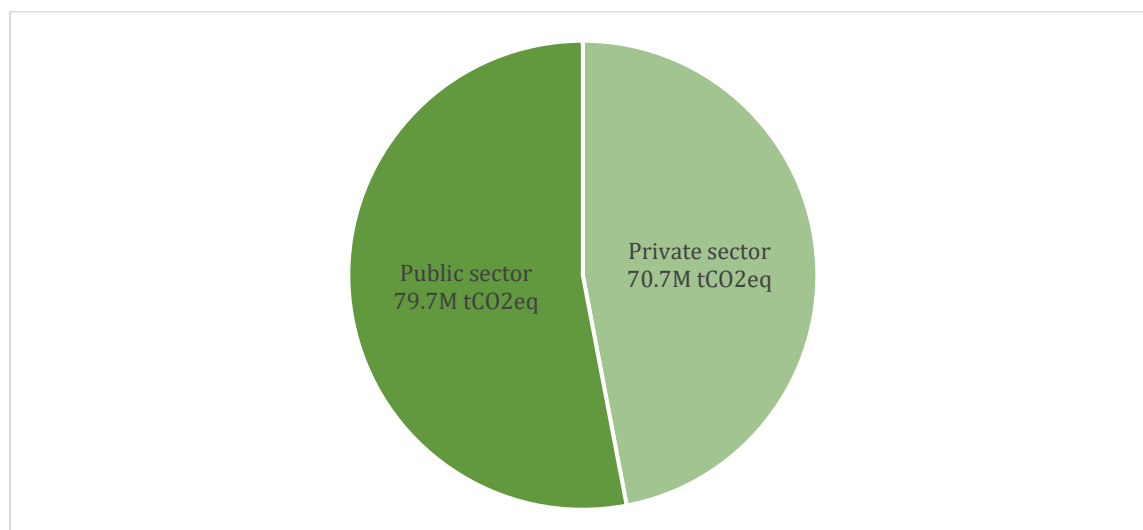


Abbreviations: B = billion, M = million.

Results delivered from private sector projects and programmes under implementation

61. In 2025, private sector projects and programmes delivered measurable results across all four core indicators. For core indicator 1 (greenhouse gas emission reductions), results delivery from this set of projects grew by 20 per cent from 2024 levels and accounted for 70.7 Mt CO₂ eq reduced – representing 47 per cent of the total mitigation results achieved across the GCF portfolio. However, the private sector's share of total emission reductions fell from 62 per cent in 2024 to 47 per cent in 2025, as results from the public sector doubled to 79.7 Mt CO₂ eq. Figure 21 provides that disaggregation.

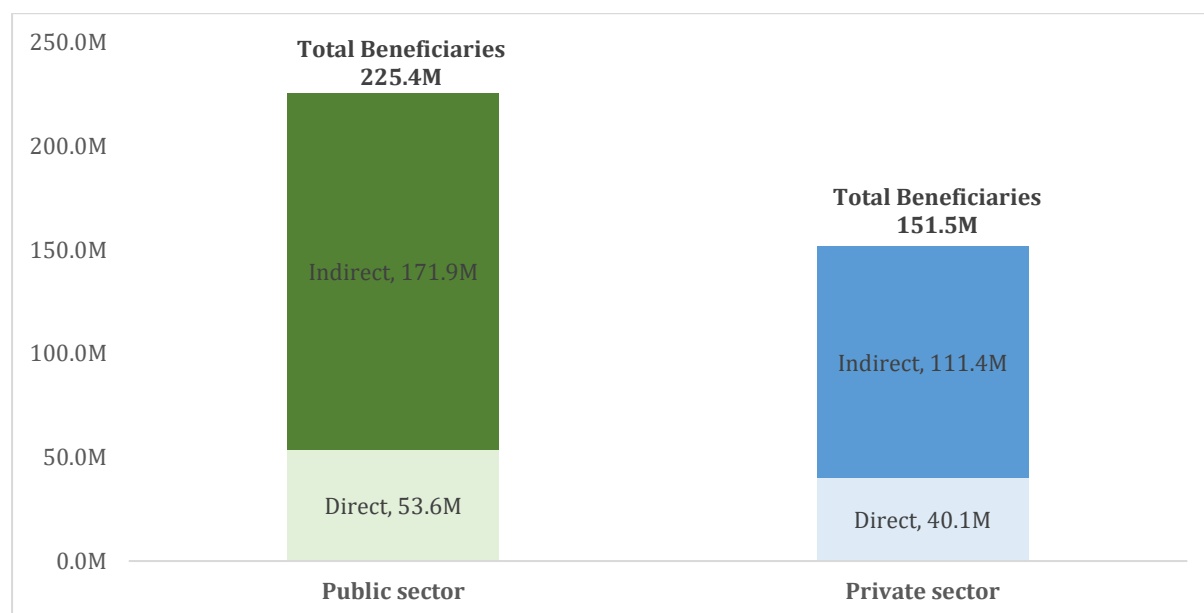
Figure 21: Core 1: Cumulative mitigation impact results (ex post) for the private sector portfolio



Abbreviation: M = million.

62. As illustrated in figure 22, total beneficiaries reached by private sector projects rose to 151.5 million beneficiaries reached in 2025, from 96.2 million in 2024. The 2025 level represents nearly 40 per cent of the total adaptation results delivered across the GCF portfolio as a whole. Figure 22 shows the disaggregation of adaptation beneficiaries from the private sector portfolio versus that of the public sector.

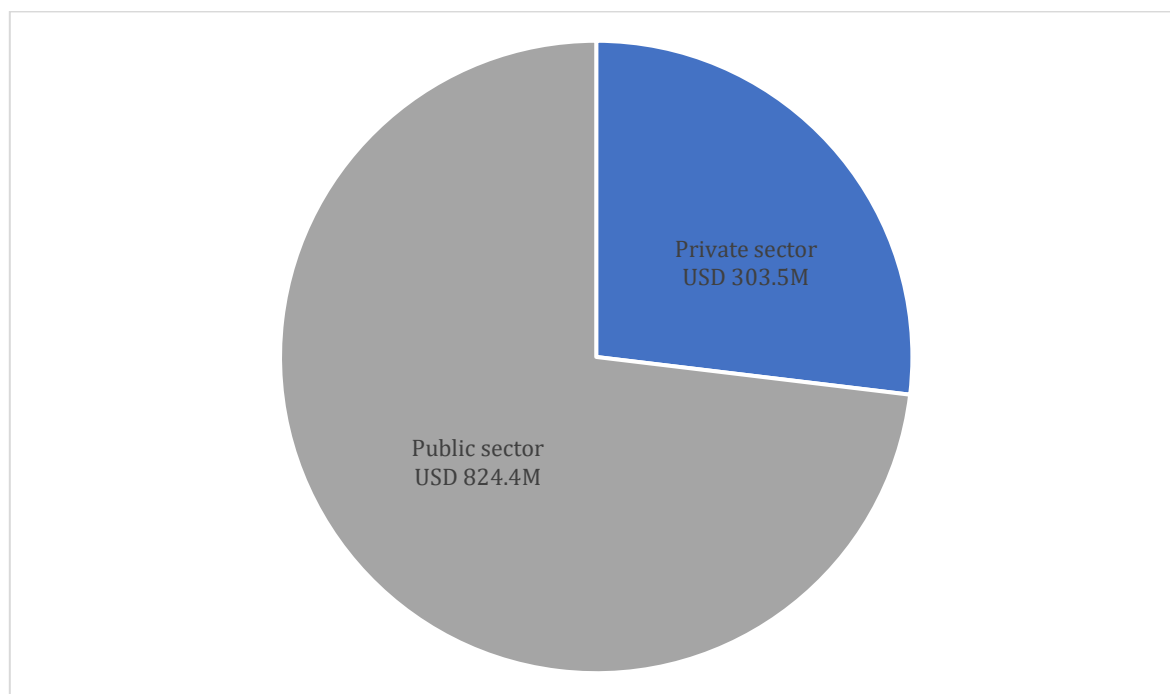
Figure 22: Core 2: Cumulative adaptation impact results (ex post) for the private sector portfolio



Abbreviation: M = million.

63. Private sector projects reported USD 303.5 million in climate-resilient assets achieved in 2025, representing 27 per cent of the total portfolio results.

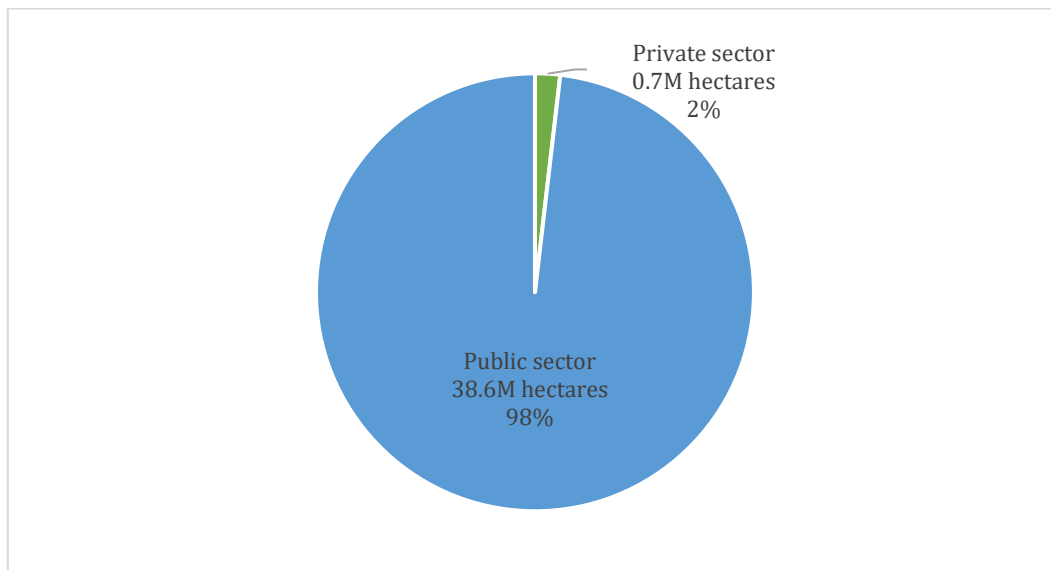
Figure 23: Core 3: Cumulative value of physical assets made more resilient to climate change for private sector projects



Abbreviation: M = million.

64. By contrast, private sector contributions to land and ecosystem management were relatively modest, with 0.7 million hectares brought under improved practices in 2025, equivalent to 2 per cent of the cumulative total.

Figure 24: Core 4: Cumulative value of hectares of ecosystems under improved management for private sector projects



Abbreviation: M = million.

65. As at the end of 2025, GCF private sector projects showed modest progress across supplementary indicators, reaching the following proportions of its targets in climate-resilient interventions of water security and livelihoods, energy capacity and efficiency, and ecosystems.

Table 5: Portfolio-level impact from the supplementary indicators (private sector)

Results area	Ex ante targets	Ex post achieved results (2024)	Ex post achieved results (2025)	Change, 2024–2025	2025 Achievement (Ex post 2025 against targets)
Climate-resilient water security (Supp 2.3, A2.3)	175 K beneficiaries	10.8 K beneficiaries	10.9 K beneficiaries	1%	6%
Climate-resilient livelihood options (Supp 2.1, A1.2)	30.7 M beneficiaries	835 K beneficiaries	1.8 M beneficiaries	116%	6%
Low-emission energy capacity (Supp 1.3, M6.3)	12,408 MW	6,482 MW	7,207 MW	11%	58%
Energy efficiency (Supp 1.1, 1.4, M7.1)	23.7 M MWh	1.6 M MWh	2.8 M MWh	78%	12%
Improved or sustained food security (Supp 2.2 and A2.2)	6.7M beneficiaries	n/a	5.2M	n/a	76.5%

Project closures

66. In 2025, 19 projects, spanning both mitigation and adaptation, reached project closure stage.⁹ These projects, which covered diverse geographies, results areas and climate impact goals, reflect the wide range of GCF investments. As noted in table 5, the closed projects have demonstrated consistent advancement against key GCF investment criteria – including paradigm shift potential, impact potential, sustainable development, needs of the recipient, country ownership, and efficiency and effectiveness – demonstrating tangible results and valuable insights. The following section provides a synthesis of project achievements, emerging lessons and the ways in which these initiatives have contributed to climate resilience and low-emission development in their respective regions.

67. The first set of eight completed projects highlighted below have had their PCR, submitted by AEs, reviewed and approved by the Secretariat in 2024. As a set, they have demonstrated encouraging early results, with most exceeding or approaching their expected targets. For example, two adaptation-focused projects in Maldives and Namibia reached 100–142 per cent of planned beneficiaries, while mitigation projects in Chile and Mongolia achieved 99–111 per cent of annual CO₂ emission reduction targets. Although the mitigation project in Ecuador fell short of its emission reduction target, lessons learned from the experience have served to provide improvements to other projects of a similar type. These lessons include the recognition of the criticality of community engagement, gender-responsive approaches, integrated policy and infrastructure planning, and adaptive management in enhancing project resilience and impact.

Table 6: List of project completion reports approved by the Secretariat

	Project	AE	Type	Achievement rate	Impact achieved
1	FP007 – Maldives	UNDP	Adaptation	101%	105,996 beneficiaries reached
2	FP013 – Viet Nam	UNDP	Cross-cutting	198%; 100%	1.121 Mt CO ₂ eq cumulative reduction during implementation time frame 30.025 million beneficiaries
3	FP017 – Chile	CAF	Mitigation	99%	182,548 t CO ₂ eq reduced for one year and 365,096 t CO ₂ eq cumulative over two years ¹⁰
4	FP019 – Ecuador	UNDP	Mitigation	55%	7.304 Mt CO ₂ eq cumulative reduction over 5 years ¹¹
5	FP023 – Namibia	EIF	Adaptation	103%	21,656 beneficiaries reached
6	FP024 – Namibia	EIF	Adaptation	142%	109,000 beneficiaries reached
7	FP046 – Mongolia	XacBank	Mitigation	111%	29,722 t CO ₂ eq cumulative reduction over two years ¹²
8	SAP008 – Bangladesh	PKSF	Adaptation	82%	73,705 beneficiaries reached

Abbreviations: AE = accredited entity, CAF = Corporacion Andina de Fomento, EIF = Environmental Investment Fund of Namibia, PKSF = Palli Karma-Sahayak Foundation, UNDP = United Nations Development Programme, XacBank = XacBank LLC.

68. As at 31 December 2025, 52 projects were fully disbursed, but PCRs had been received, reviewed and approved for only 8 projects, with a further 11 PCRs submitted in 2025 under

⁹ Project closure occurs when all planned activities, outputs and outcomes outlined in the FAA have been completed and a project completion report has been submitted to the Secretariat. Additional evaluation and financial reporting and reconciliation may still be required.

¹⁰ Activities under FP017 have been completed and refinancing/sale of the solar asset has taken place.

¹¹ Activities under FP019 have been completed. The mitigation impact is calculated as part of the results reported to the United Nations Framework Convention on Climate Change as part of Ecuador's biennial transparency report for 2017–2022. There are no impacts beyond the implementation period.

¹² Activities under FP046 have been completed and the GCF loan has been fully repaid.

review by the Secretariat. Project completion and closure processes are taking substantially longer than intended.

69. To address this, in 2027 the Secretariat will focus on a closure acceleration initiative, supported by project-specific closure plans, earlier closure-readiness assessments, clear timelines for AE submissions and Secretariat reviews, a central closure dashboard, if needed dedicated surge capacity, and stronger escalation of overdue completion reports, evaluations, audits, financial reconciliations and returns of unused funds. The Secretariat will also review its closure requirements and strengthen the systematic capture and application of lessons learned from completed projects.

Table 7: List of project completion reports under review by the Secretariat

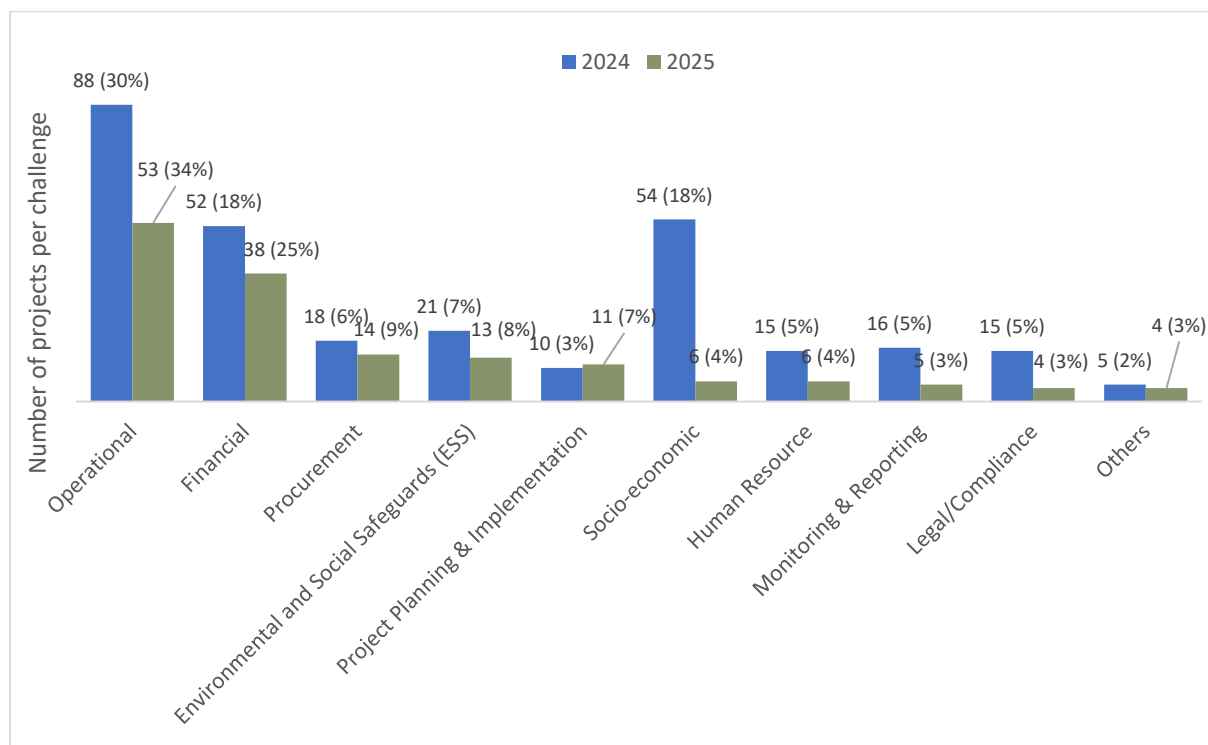
	Project	AE	Type
1	FP001 - Peru	Profonampe	Cross-cutting
2	FP002 - Malawi	UNDP	Adaptation
3	FP012 - Mali	World Bank	Adaptation
4	FP014 - Tajikistan, Uzbekistan	World Bank	Adaptation
5	FP026 - Madagascar	CI	Cross-cutting
6	FP028 - Mongolia	XacBank	Mitigation
7	FP037 - Samoa	UNDP	Adaptation
8	FP049 - Senegal	WFP	Adaptation
9	FP067 - Tajikistan	WFP	Adaptation
10	FP070 - Bangladesh	World Bank	Cross-cutting
11	SAP001 - Namibia	EIF	Adaptation

Abbreviations: AE = accredited entity, CI = Conservation International Foundation, EIF = Environmental Investment Fund of Namibia, UNDP = United Nations Development Programme, WFP = World Food Programme, World Bank = International Bank for Reconstruction and Development and International Development Association, XacBank = XacBank LLC.

2.4 Projects and programmes implementation challenges

70. Implementation in 2025 continued to be shaped by a complex mix of operational, financial and contextual constraints, although the overall prevalence of reported challenges declined compared with 2024. The most persistent issues stemmed from administrative bottlenecks, delayed post-approval processes, procurement complications and staffing gaps – often magnified in multi-country and remote settings. Financial pressures from inflation, co-financing delays and currency volatility further strained delivery timelines, while political transitions, regulatory hurdles and ESS requirements added layers of complexity. Despite these challenges, several adaptive practices emerged. Accelerated legal processing, milestone-based contracting, proactive market engagement, early risk planning and capacity-building initiatives demonstrated measurable progress in mitigating delays and maintaining implementation momentum.

Figure 25: Project implementation challenges in 2024 and 2025



71. **Overview:** in 2025, 154 project-level challenges were recorded across APRs submitted by AEs, compared with 294 in 2024. Operational (34 per cent) and financial (25 per cent) challenges together made up nearly 60 per cent of the total. They were followed by procurement (9 per cent), ESS (9 per cent) and project planning and implementation (7 per cent). All other categories were at 4 per cent or less.

72. **Operational challenges:** operational issues remained the leading implementation challenge, cited by 53 projects in 2025 (34 per cent), up from 30 per cent (88 projects) in 2024. The most frequent issue within this category was process and administrative delay. Projects reported issues such as slower-than-expected subproject preparation and approval timelines, coordination gaps in multi-actor and multi-country settings and institutional restructurings. Weather and access added further pressure as well as access challenges in remote areas. AEs responded through adaptive management through, for instance, multi-level coordination mechanisms that bridge federal, regional, local and community levels, periodic coordination meetings and maintaining operational continuity through remote modalities in conflict settings.

73. **Post-approval delays:** within operational challenges, post-approval delays were driven by aspects such as Conditions Precedent to the Second Disbursement, finalizing the Subsidiary Loan Agreements and signing sub-subsidiary agreements. The timing of first disbursements also matters; in one case a late first disbursement limited alignment with the planting season. AEs also highlighted the importance of completing safeguards and institutional readiness requirements as early as possible in the project implementation phase.

74. **Financial pressures:** financial challenges were the second most reported category and showed the largest increase. Their share rose from 18 per cent in 2024 to 25 per cent in 2025. Cost escalation was the most visible sign of financial pressure. Several projects noted steep cost escalations compared with original project estimates, budget constraints due to rising local prices and postponed partnerships due to higher-than-expected equipment costs. In addition, co-financing shortfalls intensified: projects reported potential requests for major changes due to a material shortfall in co-financing and slower-than-expected materialization of co-financing. Lastly, macroeconomic and currency stress affected several programmes, including inflation

and foreign exchange constraints. AEs noted that adapting early helped to absorb these shocks more effectively. For instance, strengthening financial risk planning and speeding up co-financing commitments remain critical to maintaining implementation momentum.

75. **Procurement challenges:** procurement was the third most reported category in 2025 with respect to project challenges. Its share rose to 9 per cent from 6 per cent in 2024. Long procurement processes were the most common issue as highlighted in reports by several projects. Several cited the slow pace of public procurement procedures at the national and municipal level. Complex procurement cross-border arrangements were also cited as a factor for multi-country or regional projects. Procurement delays also collided with seasonal windows. Capacity constraints compounded these issues, including procurement delays due to staffing gaps and technical complexities in procuring the appropriate management information systems.

76. **Sociopolitical and economic challenges:** sociopolitical conditions continued to weigh on implementation in 2025 but made up only 4 per cent of recorded challenges in 2025. This is a marked decline from the 18 per cent recorded in 2024, when they were the second most reported category. Where they occurred, however, they still disrupted delivery. Noted issues include the needed period of time to stabilize government leadership post-elections, which slowed formal decision-making. Practical responses by AEs and implementers included building election calendars and political economy checks into workplans, agreeing on fallback delivery options in advance (e.g. remote modalities or phasing), and engaging competent authorities early, backed by clear escalation protocols.

77. **Human resources challenges:** human resources challenges also made up 4 per cent of recorded challenges in 2025, compared with 5 per cent in 2024. Recruitment delays at start-up were the dominant issue. Staff turnover also disrupted continuity.

78. **ESS, gender and Indigenous Peoples:** ESS challenges made up 8 per cent of recorded challenges in 2025, broadly in line with the 7 per cent noted in 2024. Delays in approving safeguard instruments were cited as a cause of delays. On gender, compliance at approval remained strong, but implementation varied. For Indigenous Peoples, recurring challenges included implementing FPIC in complex operational contexts, sustaining inclusive participation over time and addressing barriers to the participation and leadership of Indigenous women. The Secretariat continues to follow up with AEs to address these challenges, recognizing differing implementation contexts, institutional capacities and reporting standards, to ensure policy alignment and inclusive outcomes.

79. **Monitoring and reporting/data quality:** monitoring and reporting issues made up 3 per cent of recorded challenges in 2025 (5 projects), down from 5 per cent (16 projects) in 2024. Where they arose, they affected data accuracy and timeliness. FP095 reported ongoing challenges in data collection and impact reporting, and FP217 noted data and capacity gaps. Some projects strengthened their evidence base: in FP257, a baseline survey across all seven countries refined targeting and strengthened adaptive management. Across the portfolio, incomplete submissions, inconsistencies between ex ante and ex post data and misaligned indicators continued to delay APR finalization and made corporate data aggregation labour-intensive and prone to error. To address this, the Secretariat is standardizing templates, embedding rule-based data validations, and harmonizing reporting and dashboards, complemented by targeted Monitoring Evaluation and Learning capacity-building. Looking ahead, digitizing the harmonized results management framework in the GCF Partner Portal, once the Board approves it, will allow data checks within the workflow and real-time dashboards, significantly reducing manual errors and making reporting more reliable.

Implementation challenges, disbursement and results delivery

80. To assess how reported implementation challenges relate to delivery, the Secretariat conducted an analysis whereby challenges recorded in the 2025 APRs were linked to project-level disbursement, expenditure and results data.¹³

81. Projects reporting challenges had received on average 43.7 per cent of their approved GCF financing by the end of 2025, compared with 65.1 per cent for projects without reported challenges, and had spent 30.6 per cent, compared with 52.3 per cent. Of the approximately USD 5.9 billion in GCF financing approved for the projects reporting any type of challenge, USD 4.0 billion had not yet been disbursed. These projects had also achieved on average 26.0 per cent of their final targets, compared with 46.0 per cent for projects without reported challenges (see table 8).

Table 8: Disbursement, expenditure and results by type of reported implementation challenge

Average per project	No reported challenge	Any challenge	Operational challenge	Process or administrative delay	Financial challenge
Projects	131	99	50	24	34
% of GCF financing disbursed	65.1%	43.7%	46.2%	48.2%	41.3%
% of GCF financing spent	52.3%	30.6%	31.4%	30.4%	30.3%
% of final target achieved	46.0%	26.0%	29.6%	29.3%	24.1%
Financing not yet disbursed, total (USD billion)	2.16	4.00	1.61	0.75	1.86

Note: Percentages are simple averages across projects; financing not yet disbursed is a total. Challenge categories are not mutually exclusive, as a project may report more than one type of challenge. "Process or administrative delay" is a sub-category of operational challenges.

82. Among the categories of challenges, projects reporting financial challenges had the lowest average disbursement rate, at 41.3 per cent of approved GCF financing, and the lowest average results achievement, at 24.1 per cent of final targets, with USD 1.86 billion still to be disbursed. Operational and financial challenges can reinforce each other: delays in approvals, preparation and staffing may hold back the conditions for subsequent disbursements, while late disbursement can in turn stall activities on the ground. These associations do not by themselves establish causality, as projects facing difficulties are also more likely to report them, and disbursements partly depend on reported progress.

Secretariat actions on delayed disbursements

83. Programming teams are implementing targeted actions during 2026 for the AEs and funded activities with the largest cumulative gaps between scheduled and actual disbursements. These actions, covering multiple funded activities, focus immediately on resolving pending change and disbursement requests, addressing unmet effectiveness or implementation conditions, updating schedules where assumptions no longer hold and agreeing time-bound

¹³ For each project, the shares of approved GCF financing disbursed and spent, and the average share of final targets achieved across its core indicators (capped at 100 per cent per indicator), were calculated and then averaged across projects in each group. Of the 230 projects with complete disbursement, expenditure and results data, 99 reported at least one challenge, including 50 with an operational challenge and 34 with a financial challenge, while 131 reported none.

recovery actions. Medium-term measures include restructuring, resizing, partial cancellation or cancellation where warranted, together with risk-based supervision and monitoring.

2.5 Status of restructuring requests and implications for the portfolio

Overview of change requests in 2025

84. Non-major change requests approved by the Secretariat increased steadily from 2021 to 2024, rising from 36 in 2021 to 72 in 2022, 115 in 2023 and 132 in 2024. This upward trend reversed in 2025, with approved requests decreasing to 79, notwithstanding the continued expansion of the GCF portfolio. In 2025, the Board approved nine change requests, including extensions of deadlines and major changes as defined under the Policy on Restructuring and Cancellation as well as the addition of countries to approved programmes.

85. A total of 74 out of 336 (22 per cent) projects and programmes were affected by change requests during 2025, compared with 34.6 per cent in 2024, 34.2 per cent in 2023, 33.7 per cent in 2022 and 25.8 per cent in 2021, indicating the decreased requirement for adaptive management of projects.

Non-major change requests in 2025

86. The most common reason for changes was for extensions of deadlines, which accounted for a total of 59 cases. A total of 23 requests were to extend project duration, with 15 to extend the deadline for first disbursement, 13 to extend FAA effectiveness, 9 to extend FAA execution, and 1 to extend the Certificate of Internal Approval deadline. Two requests covered two milestone types so the category counts a total of 61 but represent 59 cases. The remaining 20 changes related to budget reallocation, EE, project scope and other non-major adjustments.

Major change requests and country additions in 2025

87. In 2025, the Secretariat endorsed for Board consideration seven private sector and two public sector projects and programmes under implementation for adaptive management as per the Policy on Restructuring and Cancellation and inclusion of new countries. The change requests and extensions varied, including extension of the period for the FAA execution and fulfilment of conditions imposed and changes in project scope, all which needed Board approval.

88. Noting the ongoing level of adaptive management requests (including restructuring requests) and the implications for its workload and responsiveness, the Secretariat is undertaking various initiatives:

- (a) Organizing dedicated sessions to share knowledge and experience to improve and learn from lessons drawn during the monitoring and evaluation of the projects and programmes during implementation;
- (b) Undertaking ad hoc missions and the use of the external fund agents where a third party is better placed to review progress, including where a specialist technical review is needed;
- (c) Maintaining continuous focus on streamlining internal processes and simplifying decision-making by delegation of authority, improving the interaction between the AEs and GCF. This includes streamlining and automating requests through portfolio performance management system; and
- (d) Engaging in ongoing assessment and review of the Policy on Restructuring and Cancellation, which was presented at B.43.

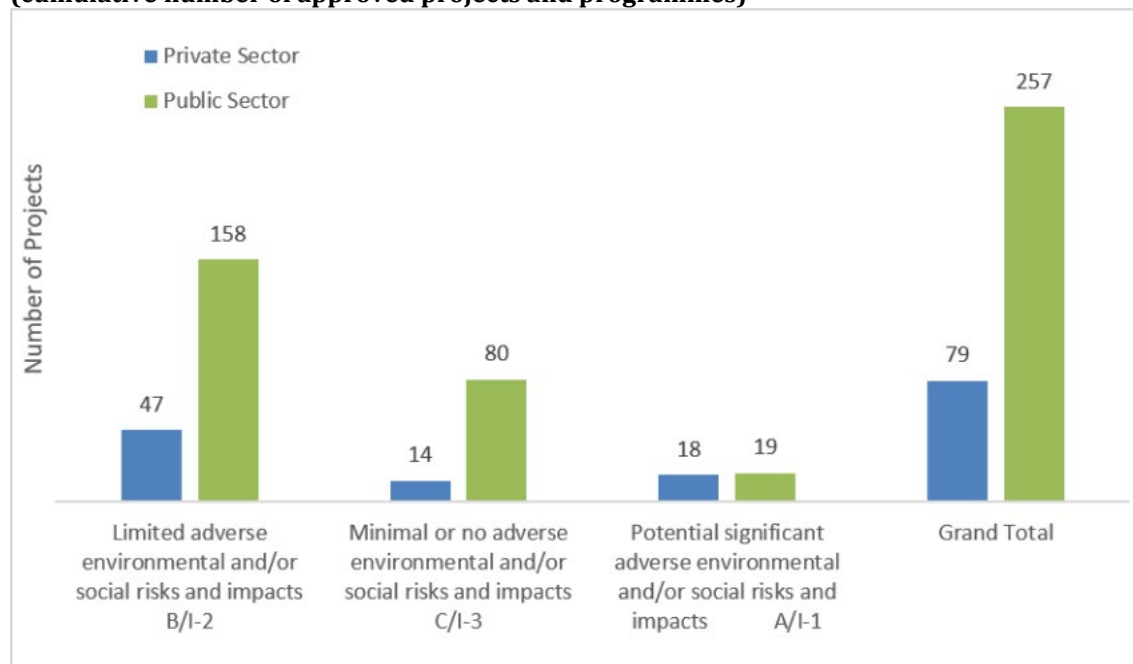
2.6 Environmental and social safeguards, gender and Indigenous Peoples

Portfolio environmental and social risk categorization

89. Consistent with the GCF Environmental and Social Policy, projects and programmes under implementation are assessed in terms of three ESS categories: minimal or no adverse environmental and/or social risks and impacts (category C/low level of intermediation (I-3)); having limited adverse environmental and/or social risks and impacts (category B/medium level of intermediation (I-2)); and having potential significant adverse environmental and/or social risks and impacts (category A/high level of intermediation (I-1)). The approved portfolio has 101 category C/I-3 projects/programmes, 220 category B/I-2 projects/programmes and 37 category A/I-1 projects/programmes. Approved portfolio is predominantly categorized as B/I-2 having limited adverse environmental and social risks and impacts in both the public and private sectors as can be seen in figure 26.

90. Category A/I-1 projects account for 22.2% of the private sector portfolio (18 out of 81 projects),¹⁴ compared with 6.9% of the public sector portfolio (19 out of 277 projects). While the absolute number of significant-risk projects is almost the same across the two portfolios, these projects constitute a much larger share of the private sector portfolio. Consequently, private sector projects are approximately 3.2 times more likely to be classified as category A/I-1 than a public sector project, highlighting a greater concentration of high environmental and social risk in private sector operations, while the private portfolio is only about 29% the size of the public portfolio.

Figure 26: Project categorization of environmental and/or social risks and impacts by sector (cumulative number of approved projects and programmes)



¹⁴ As at 13 December 2025 the number of private sector projects was 79.

Status of accredited entity compliance with environmental and social safeguards and gender-related requirements in legal agreements

91. A review of 188 project APRs,¹⁵ implemented by 60 AEs, reported compliance with the GCF Environmental and Social Policy and ESS/standard requirements and FAA covenants, including national laws and regulatory requirements. However, the reviews noted compliance challenges across the portfolio related to delays in obtaining regulatory permits and safeguards instruments clearances, signing land rights and information gaps in confirming compliance in some instances. Consequently, identified gaps have been communicated with the AEs through the various iterations and it is expected that the AEs will update their project's compliance status with the updated APR inputs and/or through implementation of actions for the next reporting period. In general, the reviews of APRs commonly involve requests for additional information, supporting documentation, clarification of safeguard implementation progress, evidence of stakeholder engagement, GRM effectiveness, environmental and social monitoring results and Gender Action Plan implementation.

Portfolio environmental and social management systems

92. During this reporting period, environmental and social safeguards implementation continued to advance across the portfolio alongside progress in project implementation. Funded activities under implementation reported the use, development, or updates of Environmental and Social Management Systems (ESMS), Environmental and Social Management Frameworks (ESMFs), Environmental and Social Management Plans (ESMPs), Environmental and Social Impact Assessments (ESIAs), and other project-specific safeguard instruments. These systems, frameworks and instruments supported risk screening and categorization, assessment, risk mitigation, implementation, monitoring and reporting. Across projects with active investments and advanced preparatory activities, APR reporting indicates that safeguard requirements are being translated into operational processes, including at the subproject level. The role of ESMS and ESMFs in establishing processes for screening, assessing, and managing risks, including at the subproject level, is consistent with GCF policies and frameworks.

93. Positive progress was particularly evident in projects that have moved into active implementation. These projects reported applying safeguard instruments through implementation arrangements, monitoring and supervision, capacity-building, contractor oversight, grievance management, and corrective action where required. This indicates that, in many actively implementing projects, safeguards are becoming more firmly embedded in routine delivery rather than remaining primarily at the framework or planning stage. APR reviews also showed that projects across the portfolio are establishing institutional responsibilities and operational arrangements to implement ESMPs, ESMFs, and ESMS, monitor compliance, supervise implementation and report on environmental and social performance. These are core elements used in GCF ESS assessment and APR reviews.

94. The portfolio nevertheless remains at different stages of safeguards maturity, reflecting the varying implementation status of funded activities. Projects at more advanced stages of implementation generally reported established monitoring, supervision and corrective action arrangements, while several early-stage and pre-disbursement projects remained focused on preparatory activities, including refining safeguard instruments, establishing institutional arrangements and building implementation capacity. These activities provide important foundations for effective safeguards implementation once field activities and downstream investments commence. Areas for further strengthening across relevant projects include demonstrating clear links between risk screening and the resulting safeguard instruments, documenting safeguard application at the subproject level, maintaining monitoring and

¹⁵ The inputs provided were based on the APR reviews conducted up to 31 August 2026.

supervision records and showing how approved measures are incorporated into procurement documents, contracts and implementation arrangements. Notwithstanding these areas for strengthening, APRs also provided concrete examples of operational safeguards implementation. These examples include:

- (a) Activity- and site-specific safeguard instruments, including site-specific ESMPs, contractor ESMPs, ESIAs, ESAPs and specialized management plans prepared or updated to address the risks of particular activities, sites and subprojects;
- (b) Integration of safeguard requirements into project delivery arrangements, including the incorporation of environmental, social, labour, occupational health and safety, and community health and safety measures into bidding documents, contracts, financing agreements and contractor management arrangements; and
- (c) Operational measures to manage environmental and community risks, including occupational and community health and safety controls, erosion and sediment management, drainage and water-quality protection, pollution prevention, waste (including asbestos) management, biodiversity monitoring and invasive-species controls.

95. Together, these examples demonstrate the progressive application of portfolio- and project-level management systems to implementation-stage risks while also underscoring the need for clearer documentation of how identified risks, approved instruments, contractual requirements and field-level measures are linked.

Post-approval environmental and social safeguards due diligence and assessment

96. During this reporting period, AEs reported post-approval environmental and social due diligence through the screening and categorization of new sites, investments, proposed technologies, subprojects and other downstream activities; review of site- and activity-specific risks; and preparation and updating of relevant safeguards instruments. Screening was a recurrent feature across active direct investments, programme and financial intermediary operations. Several AEs managing programmes and financial intermediary operations reported applying the procedures established under approved ESMFs and ESMS, including downstream environmental and social due diligence and the preparation or updating of subproject-specific ESIAs, ESMPs, contractor ESMPs and other instruments required for implementation.

97. Where APR reporting did not provide sufficient evidence of the application or outcomes of post-approval due diligence, the Secretariat followed up with AEs to clarify screening findings, risk categorization, application of exclusion criteria and the status of required safeguards instruments. Where relevant, AEs were also requested to provide additional information on subprojects and demonstrate how identified risks and pending safeguards requirements were being addressed. This follow-up strengthened the evidence available for continued safeguards oversight and supported more complete reporting in subsequent monitoring periods.

Compliance monitoring and corrective actions by accredited entities

98. During the reporting period, AEs and project implementation structures reported compliance monitoring through supervision missions, site visits, field inspections, audits, contractor oversight and other implementation-monitoring activities. Practices included early identification and avoidance of higher-risk activities or sites, monitoring linked to corrective action follow-up, strengthened contractor requirements, and escalation of measures where necessary, including enhanced supervision, site substitution and work suspension. Projects also reported mobilizing safeguards expertise, providing targeted training, strengthening occupational health and safety controls, updating safeguards instruments and action plans, and

using structured or digital monitoring arrangements to improve the collection and tracking of implementation information. Additional stakeholder engagement and strengthened grievance arrangements were also used to address issues identified through monitoring. Monitoring and corrective action reporting nevertheless remained uneven. Recurring weaknesses included limited activity- and subproject-level monitoring evidence, weak contractor and occupational health and safety data, incomplete incident information, inconsistent site monitoring reporting and inconsistent reporting on the status and closure of previously identified actions.

99. In cases where APRs did not adequately document monitoring findings or corrective measures, the Secretariat focused its review on the status of outstanding actions and evidence of implementation. AEs were requested, as appropriate, to provide action plans and supporting documentation for measures that remained ongoing or unresolved. This enabled the Secretariat to distinguish actions that had been completed from those requiring further follow-up and to assess progress in addressing identified safeguards issues.

Adaptive management

100. During this reporting period, reported safeguards implementation was affected in several projects due to implementation and procurement delays, staffing and capacity constraints, slow activity mobilization, geographic remoteness, security-related access restrictions, institutional changes, land and resource access issues, and extreme weather and other natural hazards. Projects reported adapting safeguards implementation through revised activity sequencing and implementation arrangements, increased reliance on local supervision or remote monitoring where site access was constrained, updates to safeguards instruments, changes in sites or activities, and the continuation of outstanding safeguards measures into subsequent implementation periods where the underlying activities had not commenced.

101. Emerging good practices included early screening and site substitution to avoid higher-risk locations, maintaining safeguards oversight through local partners where direct access was restricted, strengthening coordination with communities and local authorities, and adjusting project design, mitigation measures or implementation sequencing in response to stakeholder feedback and monitoring findings. In some projects, repeated community engagement and participatory processes informed changes to site selection or implementation arrangements, demonstrating that adaptive management can support both risk avoidance and more responsive project delivery.

102. Where changes in project circumstances had implications for environmental and social risks, the Secretariat assessed whether these risks and the corresponding safeguards arrangements had been appropriately adapted. Where APR reporting did not provide sufficient detail, AEs were asked to clarify the nature and implications of the changes and the measures taken or planned in response. For measures still under implementation, subsequent evidence was requested to track progress and, where relevant, ensure that outstanding actions were carried forward into future monitoring. This supported assessment of the continued alignment of implementation with applicable safeguards requirements and the management of emerging risks.

Lessons learned and good practices in environmental and social outcomes and co-benefits

103. Environmental and social outcomes were strongest where safeguards were embedded early through screening, site selection, pre-construction instruments, and robust ESMS processes, clear contractor safeguards obligations, supported by continuous monitoring and corrective action risk management. Community-centred safeguard implementation, including FPIC, and culturally appropriate engagement, improved ownership, reduced risks and strengthened safeguard effectiveness. Early establishment of decentralized and community-

based GRMs, continuous stakeholder engagement, disclosures and ongoing capacity-building helped strengthen institutions, improve safeguards compliance and resolve issues before they escalated. Recurring success stories highlighted women's leadership in small-scale productive support, inclusive local governance and community engagement and consultations involving site selection, beneficiary selection and implementation sequencing.

Stakeholder engagement

104. APRs report a wide range of stakeholder engagement activities, including community meetings, workshops, field visits, training, FPIC processes, technical committee meetings and engagement with government agencies, civil society organizations, Indigenous Peoples and vulnerable groups. Portfolio review evidence indicates a clear shift from one-off consultations towards continuous and adaptive engagement through recurring community meetings, local committees, focus groups and community monitoring mechanisms as projects are implemented. Stakeholder engagement was most effective where community feedback directly informed project decisions, including site selection, activity design, mitigation measures and implementation sequencing. Several projects explicitly documented adaptive decisions resulting from stakeholder input, such as relocating proposed activities in response to concerns regarding land use and water access. Engagement approaches increasingly targeted women, Indigenous Peoples and other vulnerable groups to support more inclusive implementation and strengthen local ownership. While reporting of sex-disaggregated participation data was common, it remained inconsistent, with several APRs noting data gaps, estimated figures, or missing male/female participation data, insufficient tracking of participation by vulnerable groups, highlighting ongoing challenges in systematically tracking the participation. Engagement activities were also affected by remoteness of locations, security restrictions, and capacity and coordination challenges. Key actions from AEs include strengthening of reporting and documentation through standardization of reporting templates, adapting engagement approaches to local constraints, and continued capacity-building programmes, including training-of-trainers.

Grievance redress mechanism

105. GRMs were generally established across the portfolio, and 2025 reporting provides encouraging evidence that many mechanisms are functioning and being accessed by stakeholders. Across the portfolio, a total of 963 grievances were reported, of which 94.8% of cases were resolved or addressed. Reported grievances covered a range of implementation issues, including beneficiary selection, compensation and eligibility concerns, construction impacts, labour issues, service delivery, natural resource access and community-level disputes. The high rate of resolution indicates that where grievances were recorded and tracked, project teams were generally able to respond effectively and address concerns through established GRM procedures.

106. Despite these positive results, persistent challenges remain, including weak dissemination of GRM procedures, inconsistent grievance documentation and tracking, limited evidence supporting zero-grievance reporting, and insufficient reporting on corrective actions and lessons learned. These challenges were most evident in remote, conflict-affected and intermediary-managed projects, where information flows and stakeholder access were constrained. Although grievances related to sexual exploitation, abuse and harassment were rarely reported, evidence of survivor-centred, confidential and gender-responsive referral pathways remained inconsistent. To overcome these gaps, the Secretariat continues to advise AEs to incorporate measures to ensure that GRMs are consistently functional, accessible, well-publicized and effectively tracking and resolving grievances.

Status of compliance with the GCF Indigenous Peoples Policy

107. During the reporting period, at least 54 projects reported activities involving Indigenous Peoples. Engagement was undertaken through consultations, FPIC processes, dedicated safeguards instruments and participation in territorial planning, natural resource management and governance processes. In several cases, community views informed implementation decisions, including adjustments to project design, relocation of proposed activities and changes to implementation arrangements.

108. FPIC processes were reported in 24 projects during the reporting period, from extensively documented multi-stage processes involving customary decision-making structures and broad community participation to more limited references to consultations and engagement activities. Several projects reported large-scale FPIC processes involving multiple Indigenous communities and villages, indicating continued operationalization of FPIC requirements in project implementation.

109. Project reports also highlighted measures related to rights, cultural heritage, territorial planning, governance participation and benefit-sharing, including support for land-use rights, community participation in natural resource management and environmental services and the involvement of Indigenous representatives in governance and safeguards processes. A limited number of projects reported the integration of traditional knowledge into climate resilience and resource management activities through participatory planning, mapping and locally adapted approaches.

110. Recurring challenges included difficulties identifying Indigenous Peoples for targeting and monitoring purposes, participation barriers linked to remoteness, language diversity and capacity constraints, challenges sustaining engagement over time, and land-use and tenure issues requiring enhanced consultation and FPIC processes. Several projects also highlighted limitations in collecting disaggregated data and ensuring the effective participation of Indigenous women in leadership and decision-making processes, as well as access to land, resources and project benefits. Overall, the reported challenges were largely operational and context-specific, underscoring the importance of culturally appropriate engagement approaches, sustained capacity-building and stronger reporting on Indigenous Peoples outcomes.

111. The reporting demonstrates substantive efforts to engage Indigenous Peoples and incorporate their perspectives into project planning and implementation. The findings point to the need for stronger documentation of FPIC processes, greater attention to barriers affecting Indigenous women and more consistent evidence of outcomes resulting from Indigenous Peoples' participation.

Environmental and social safeguards implementation capacity development

112. ESS capacity was reportedly strengthened through targeted training, coaching, field supervision and technical support for implementing partners and stakeholders. Organizations reinforced safeguards systems by appointing dedicated personnel, establishing ESS focal points and enhancing ESMS, risk management, monitoring and compliance mechanisms. These efforts improved implementation of ESMPs, GRMs, occupational health and safety, and gender provisions, contributing to stronger safeguards governance, more effective risk management, improved reporting and better safeguarding compliance across the portfolio.

113. While several projects reported dedicated safeguards personnel, FPIC-related expertise, and capacity-building for Indigenous representatives and implementing partners, others identified limitations in safeguards staffing, FPIC implementation capacity, disaggregated data collection and knowledge-sharing mechanisms. Overall, the reports indicate that institutional

capacity remains an important factor influencing the effectiveness of Indigenous Peoples related implementation.

Progress on gender action plan implementation

114. All projects and programmes reviewed have conducted gender assessments and developed gender action plans aligned with GCF Gender Policy requirements. Compared with previous years, this year's APRs showed a broadly improved effort to operationalize these plans through activities that promote women's participation, access to project benefits, leadership and gender-responsive monitoring, although, as in previous years, implementation and reporting quality remain uneven across the portfolio.

115. Across the portfolio, gender action plans continued to support improved access to project benefits for women and vulnerable groups, particularly through training, climate information, livelihood support, leadership opportunities, water access, renewable energy services and participation in project governance structures. Women were more frequently reported as participating in project activities, such as training and consultations, than as gaining access to productive assets, finance, skilled employment or decision-making roles. Delays in implementation further slowed the delivery of these higher-level gender outcomes and achievement of gender action plan targets. Implementation challenges were recurrent across many funded activities. Common constraints included delayed project activities, insufficient or delayed gender action plan budget allocations, late recruitment or limited availability of gender specialists, weak integration of gender action plan monitoring into project monitoring and evaluation systems, and incomplete collection of baselines and sex-disaggregated data. Projects also reported sociocultural norms, mobility restrictions, security concerns, women's care responsibilities and structural barriers to land ownership and employment as factors constraining participation and outcomes. Across the portfolio, progress in delivering gender-related benefits was closely linked to the pace of project implementation, with delays often slowing access to intended benefits.

116. In terms of staffing, gender expertise was available in numerous projects through dedicated specialists, focal points, consultants, or combined safeguards and gender roles. However, shared responsibilities, staff turnover, pending recruitment and reliance on regional support reduced implementation depth and monitoring consistency.

117. APR reporting quality has variations across the portfolio primarily attributed to the differing capacities, experience, project context and implementation practices of the partners. While most reports included sex-disaggregated participation data and updates on gender action plan implementation, around one-third exhibited some level of reporting gaps. Common shortcomings included limited information on expenditures, insufficient evidence of gender outcomes, weak explanations for implementation delays, and an emphasis on participation figures rather than demonstrated changes in access, decision-making, empowerment, or resilience. In contrast, stronger APRs provided indicator-level progress reporting, implementation assessments, corrective measures, and clear discussion of barriers affecting achievement of gender action plan objectives. A potential contributor to these reporting and implementation gaps was insufficient gender staffing. Through ongoing engagement with AEs, the Secretariat advises on measures to take to address implementation challenges and to improve reporting on progress against gender action plan commitments and targets.

118. Notable success stories demonstrated that meaningful gender mainstreaming can contribute to broader climate and development outcomes. Effective practices included early engagement of gender specialists, childcare support, flexible scheduling, women-led forestry and farmer groups, gender-responsive FPIC procedures and grievance mechanisms, women climate champions, leadership and technical training, and partnerships with non-governmental organizations and self-help groups. Several projects reported increased women's leadership,

improved adoption of climate-resilient practices, enhanced livelihood opportunities and stronger participation in decision-making. The strongest examples showed gender being embedded across project outcomes rather than implemented through stand-alone activities, resulting in more inclusive, resilient and sustainable climate outcomes.

119. A notable achievement was the development of regional forest management plans through an Indigenous-led, FPIC-based process that placed Indigenous women at the centre of planning and decision-making. The initiative enabled communities to identify priorities related to conservation, livelihoods, cultural preservation and climate resilience, while strengthening women's leadership across climate finance and long-term territorial stewardship.

Portfolio-wide patterns and challenges on the implementation of the environmental and social safeguards and gender requirements

120. Similar to previous reporting years, the 2025 APR review identifies the following persistent challenges affecting ESS implementation, including institutional capacity constraints affecting implementation oversight, procedural complexity leading to implementation delays, misalignment between project timelines with safeguard management requirements and delays in updating safeguarding instruments in response to evolving environmental and social conditions.

121. Based on 2025 reports, ESS implementation challenges are primarily linked to institutional and technical capacity constraints, difficulties recruiting qualified safeguards personnel, and prolonged implementation timelines requiring updates to safeguards instruments and monitoring arrangements. While many projects strengthened ESS systems through staffing, training and enhanced oversight, capacity gaps continued to affect implementation quality and consistency. Monitoring identified recurring issues related to occupational health and safety compliance, contractor performance, corrective actions, and land acquisition or livelihood restoration processes. Grievance mechanisms were generally operational and often demonstrated strong resolution rates, although some projects reported pending grievances and opportunities to improve accessibility, awareness and documentation. The findings underscore the importance of adaptive management and continuous safeguards monitoring to address evolving risks and project conditions.

III. Lessons Learned from the reviews of Interim Evaluations, APRs and Implementation Experience

3.1 Overview

122. The Secretariat drew lessons learned from three complementary sources of evidence: interim evaluations, the 2025 APRs and wider implementation experience, and a dedicated analysis of delayed funded activities. These lessons can be read through four cross-cutting categories:

- (1) Institutional inclusion, anchoring and ownership;
- (2) Implementation readiness and delivery discipline;
- (3) Adaptive management and risk response; and
- (4) Pathways for sustainability, inclusion and scale.

123. The key insight across these categories is that durable climate results depend not only on what projects deliver, but on whether delivery is embedded in systems, supported by

realistic implementation arrangements and the project proponent's ability to be flexible and adapt when operating conditions change.

3.2 Lessons from interim evaluations: sustainability and scale

124. A review of interim evaluations submitted to the Secretariat by 31 December 2025 shows that sustainability and scale are shaped by five connected pathways. The lessons are grouped below into five categories:

- (1) Enable sustained institutional anchoring;
- (2) Support local ownership;
- (3) Foster deep inclusion of local communities;
- (4) Create viable market linkages; and
- (5) Drive learning for replication and scale.

(1) Institutional anchoring: embed climate actions into systems and budgets

125. A recurring lesson is that results last longer when projects strengthen mandates, planning systems, coordination arrangements and financing pathways, rather than relying mainly on assets, pilots or one-off training. Climate information services, resilience planning, water management and mitigation support are more likely to persist when they are integrated into public systems and linked to formal policy or regulatory change. This is where projects begin to influence wider development pathways rather than only producing direct outputs. [FP094; FP113; FP126; FP068]

126. The main constraint is that technical delivery often advances faster than institutional uptake. Evaluations frequently report progress in infrastructure, tools, services or capacity development while operating procedures, regulations, strategies or budget commitments remain incomplete. This weakens sustainability and limits scale, especially where continuation depends on unresolved mandates or future public financing. [FP007; FP012; FP074; FP160]

127. This points towards the need for institutionalization to be treated as a core results pathway. Projects are more credible when they show how demonstration will translate into adoption in policy, budgeting and implementation systems, including at the subnational level. Coordination platforms and policy support can help, but their value depends on whether they are formalized strongly enough to survive political or funding transitions. [FP087; FP108; FP016; FP037]

(2) Ownership: build local stewardship and resource inclusion

128. Evidence from interim evaluations also shows that local ownership is a practical condition for sustainability, not simply a participation principle. Projects perform better when communities and local institutions help shape priorities, participate in governance and see clear benefits linked to livelihoods and risk management. This is especially visible in community-informed planning, local resilience processes and restoration models that depend on local stewardship. [FP125; FP113; FP003; FP067]

129. Consultation alone is not enough. Some projects with strong national ownership still face weak uptake at the community or local-government level where incentives are unclear, trust is limited or local actors lack support to maintain and extend interventions. In such cases, sustainability remains fragile even when higher-level commitment is strong. [FP011; FP034; SAP009; FP160]

130. This suggests that country ownership should be understood more broadly than government endorsement. For adaptation in particular, durable outcomes depend on devolved governance, functioning local institutions and willingness to adopt and maintain new practices. In mitigation activities, local ownership often matters through acceptance, skills and benefit-sharing rather than formal community governance, but it remains important to long-term uptake. [FP056; FP062; FP139; FP070]

(3) Inclusive delivery: resource gender and social inclusion as part of the results pathway

131. Across the portfolio, gender and social inclusion improve climate effectiveness when they are built into delivery models, backed by staff capacity and budgets, and tracked through credible data. Evaluations show that projects can reach women and vulnerable groups at scale when inclusion is integrated into beneficiary selection, livelihood support, training design and institutional reform. [FP016; FP067; FP094; FP139]

132. The recurring weakness is the gap between plans and implementation. Gender action plans are often prepared but not fully mainstreamed; they may lack dedicated budgets, depend on ad hoc expertise or be undermined by weak data systems. Where this happens, participation becomes uneven, leadership opportunities remain limited and intended resilience or livelihood gains are less equitably realized. [FP037; FP046; FP141; FP167]

133. The strategic lesson is that inclusion should be treated as part of the causal pathway to climate results, not as a compliance requirement. Better measurement is also essential: weak beneficiary methodologies and incomplete disaggregation make it harder to assess who is benefiting and whether barriers are being reduced. Performance varies across projects, but the evidence consistently shows that inclusion is stronger where it is properly resourced and managed. [FP108; FP109; FP051; FP137]

(4) Market and replication pathways: create viable routes for continuation and scale

134. Interim evaluations indicate that livelihood gains and wider impact are more likely to continue when projects create viable market linkages, strengthen value chains and demonstrate commercially credible models. This applies to both adaptation-related livelihoods and mitigation investments. When projects connect producers, enterprises, finance and buyers, they create incentives for continued uptake and can help crowd in wider investment. [FP011; FP113; FP167; FP039]

135. The reverse is equally clear. Weak market connections reduce durability, particularly where livelihood models outpace actual demand, products are introduced without sufficient market analysis or small-scale producers remain marginal to larger markets. In these cases, uptake may occur during implementation, but momentum and scale are unlikely to continue. [FP084; FP101; FP072; FP067]

136. Private participation should therefore be seen not only as co-financing, but as a pathway to transformation. Demonstration effects can be powerful, especially in renewable energy and climate-resilient enterprise development, but they depend on enabling conditions, credible financial structures and policy support. Results are strongest where market creation is combined with institutional backing, and weaker where private engagement is expected to emerge on its own. [FP046; FP047; SAP007; FP160]

(5) Learning for replication and scale: design scale rather than assuming it will happen

137. The final lesson is that successful pilots do not scale automatically. Replication depends on systematic knowledge capture, practical learning loops, dissemination across institutions

and territories, and follow-on support that enables others to adopt and adapt proven models. Where projects document good practice and connect it to planning and capacity systems, prospects for replication improve. [SAP007; SAP011; FP056; FP087]

138. Yet learning is often present without being systematized. Evaluations describe substantial experience on the ground, but weaker processes for codifying lessons, feeding them into adaptive management or sharing them through networks and successor programmes. Gaps in local capacity, technical support, business skills or institutional absorption then prevent promising models from moving beyond isolated sites. [SAP022; FP108; FP139; FP141]

139. The implication is that scale should be designed rather than assumed. Replication is most plausible where projects combine evidence generation, networked dissemination, institutional uptake and market or financing pathways for continuation. Compared with the evidence on institutional anchoring and local ownership, the evidence on replication is somewhat narrower, but it points in the same strategic direction. [FP103; FP070; FP126; SAP007]

3.3 Lessons from 2025 annual performance reports and implementation experience

140. While the interim evaluations primarily identified the conditions for sustainability and scale, the 2025 annual performance reports and wider portfolio experience highlighted the delivery practices that help projects avoid implementation friction. These lessons are grouped as follows:

- (1) Ensure readiness before implementation, including financial resilience and integrating local operating context into implementation plans;
- (2) Establish strong project governance, including the building of disciplined delivery systems (data collection, monitoring, reporting, learning and knowledge transfer);
- (3) Have a clear inclusion, safeguards and tenure strategy as well as clear plans for security and conflict management; and
- (4) Flexibly deploy adaptive management in complex operating contexts.

(1) Readiness before implementation

(a) Test markets, procurement and financial assumptions early

141. Across the GCF growing and maturing portfolio of investments, implementation performance was strongest where teams tested assumptions early, clarified responsibilities, built fit-for-purpose delivery arrangements and maintained practical feedback loops. The evidence shows that procurement, governance, staffing, monitoring, safeguards, logistics, financial planning and security arrangements are not isolated technical issues; together, they determine whether approved projects can move from design to delivery at the pace and quality expected.

142. Early market sounding, combined with well-structured and transparent tender documentation, reduced the incidence of failed or repeated procurement processes and associated implementation delays. Pre-bid information sessions that clarified requirements and guided potential bidders through common areas of difficulty also improved bid quality and reduced the need for retendering. [FP045; FP091; FP150]

143. In contexts with thin supplier markets, particularly SIDS and remote regions, early supplier mapping and targeted capacity-building on ESS improved contractor readiness and their ability to deliver to the required standards. Teams also found that dividing large, multi-year service packages into annual or phased contracts with milestone-based deliverables helped maintain implementation momentum, supported the timely use of project resources and strengthened vendor accountability throughout the implementation cycle. [FP085; FP112; FP141]

(b) Financial resilience: stress-test cost, financing and currency assumptions

144. Macroeconomic volatility and changing policy environments highlighted the importance of establishing realistic cost baselines and incorporating explicit contingency provisions within project financial plans. Systematic stress-testing of cost-of-capital assumptions and disbursement timelines helped reduce exposure to fundraising delays and interest-rate fluctuations. [FP005; FP136; FP155]

145. For non-grant instruments, implementation experience demonstrated the value of context-appropriate currency-risk mitigation measures and financing terms that balance effective risk management with sufficient commercial flexibility. Where disbursement delays occurred, projects with contingency financing arrangements, including phased implementation scopes or bridge financing, were better able to sustain critical activities without weakening financial controls or delivery standards. [FP098; FP106; FP168; SAP006]

(c) Operating context: plan logistics and access around real delivery constraints

146. In remote islands and interior regions, limited air and maritime transport schedules and dependence on imported materials required implementation calendars that secured available transport windows, combined related activities to reduce the number of journeys and enabled materials to be positioned in advance. [FP018; FP039; FP165]

147. Teams reported fewer delays where technical missions were synchronized with the availability of local authorities and schedules included sufficient allowances for weather and routing uncertainty. Early coordination with logistics providers and, where feasible, collaboration with other programmes to share transport capacity helped reduce costs and improve the reliability of delivery. [FP109; FP134; FP208]

(2) Delivery governance

(a) Establish clear coordination, decision-making and stakeholder engagement

148. In politically sensitive contexts, carefully sequencing engagement, including consulting different levels of government separately before convening joint discussions, created an environment for more candid dialogue and helped secure more durable agreements. [FP003; FP084]

149. Following elections or institutional restructuring, rapid orientation briefings, concise dossiers recording earlier decisions and early introductory meetings with incoming officials proved important for maintaining continuity and institutional memory. Regular and structured engagement, including monthly coordination meetings and standing technical working groups, also helped maintain alignment among EEs, regulators and community representatives, reducing the risk of miscommunication and the need for subsequent rework. [FP004; FP109; FP130; FP138]

(b) Recruit critical expertise and protect implementation continuity

150. Implementation units with clear role definitions, documented processes and business-continuity arrangements experienced fewer disruptions arising from staff turnover. Where specialized skills were scarce, particularly in procurement, financial management, safeguards and monitoring, evaluation and learning, targeted coaching and pairing less experienced personnel with experienced colleagues helped strengthen capability more quickly. [FP092; FP136; FP173]

151. Implementation teams also emphasized the importance of designating a second named point of contact for each workstream to prevent bottlenecks when the principal focal point was unavailable. Early recruitment to critical positions helped avoid vacancies that could compress implementation schedules at later stages. [FP114; FP238; SAP009; SAP020]

(c) Establish strong data collection, monitoring, reporting and learning and knowledge systems

152. Sustained implementation performance depended on institutionalizing knowledge rather than relying primarily on individual expertise. Projects that maintained accessible systems and repositories, including standard operating procedures, technical notes, databases, training materials and version-controlled budgets, and conducted routine after-action reviews were better equipped to onboard new personnel and adjust implementation where necessary. [FP004; FP109; FP173]

153. The decentralized development of climate advisories and data systems, co-designed with local stakeholders, improved their relevance, fitness for purpose and uptake. Standardized reporting templates and clearer data definitions also reduced inconsistencies, including unit errors and confusion between cumulative and non-cumulative values, thereby improving the reliability of project and portfolio analysis and reporting. [FP090; FP184; FP188; SAP022]

(3) Inclusion, safeguards and tenure strategy and security and conflict management

(a) Address social and land-related risks from the outset

154. Deliberate design measures, including childcare provision during consultations, targeted outreach and leadership coaching, supported greater participation and leadership by women in project activities. Respecting Indigenous Peoples' and customary governance processes, including allowing adequate time for internal consultation and decision-making, helped build trust and reduce the likelihood of subsequent contestation. [FP134; FP144; FP174; FP184]

155. Where land or resource rights were complex, early tenure assessments and pragmatic approaches, including recognition of customary arrangements where feasible, helped reduce risks to agroforestry and restoration investments and prevent conflict during implementation. [FP089; SAP014]

(b) Security and conflict sensitivity: agree response arrangements before disruption occurs

156. In settings affected by insecurity, conflict sensitivity assessments and dynamic risk registers enabled timely adjustments to the design, location and sequencing of project activities. Engagement strategies that worked through trusted local structures, prioritized the safety of staff and communities, and retained the option of moving activities to lower-risk venues,

including schools or public facilities, helped sustain delivery while preserving community trust. [FP122; FP136; FP218]

157. Establishing clear and pre-agreed criteria with relevant authorities and communities for pausing and resuming field activities reduced uncertainty and enabled implementation to restart in a more orderly and predictable manner. [FP134; FP139; SAP019]

(c) Adaptive management: trigger early review before delays become entrenched

158. Where operating conditions change materially, teams should distinguish temporary disruption from deeper viability concerns before relying on repeated extensions. Early management review and time-bound adaptive measures, including resequencing, revised delivery arrangements, restructuring, resizing or, where recovery is no longer realistic, partial or full cancellation, can help preserve accountability while supporting realistic recovery planning. This is particularly important where external shocks amplify weaknesses in project design, implementation readiness or contingency planning.

3.4 Lessons from delayed funded activities

159. In addition to the reviews of the 2025 annual performance reports and interim evaluations, the Secretariat conducted a separate portfolio analysis of delayed funded activities resulting in disbursement delays. Lessons from such delayed funded activities are grouped into the following three categories:

- (1) Delivery accountability and controllable delays;
- (2) Shared and foreseeable implementation risks; and
- (3) Exceptional shocks requiring adaptive management.

160. The Secretariat's qualitative review covered 127 sampled delayed funded activities, representing USD 8,185 million in GCF financing. The review found that implementation delays arise from a combination of factors with differing degrees of controllability. Some are directly within the control of the Secretariat, AEs and executing partners; others can be influenced or mitigated through stronger project design and management; and some result from exceptional external events. Distinguishing between these categories is important both for assessing performance fairly and for identifying the appropriate management response.

(1) Delivery accountability and controllable delivery failures/delays: strengthen accountability, resourcing and escalation

161. Directly controllable factors include internal processing delays, weak procurement and staffing arrangements, incomplete reporting, ineffective coordination and slow decision-making. These factors should ordinarily be addressed through clearer accountability, adequate resourcing, stronger implementation planning and timely escalation. Where such issues persist, the appropriate response is active performance management and, where necessary, corrective action by the Secretariat or the AE.

(2) Shared implementation risks: mitigate through early engagement and active monitoring

162. Influenceable or mitigable factors include counterpart coordination, co-financing mobilization, market and supplier readiness, regulatory approvals and the fulfilment of implementation conditions. Although these matters may not be controlled by a single party, their effect on implementation can often be reduced through earlier engagement, realistic

sequencing, clear allocation of responsibilities, active monitoring and pre-agreed escalation arrangements.

(3) Foreseeable external risks: anticipate political, seasonal and climate-related constraints

163. External but foreseeable factors include elections, changes of administration, recurring political or economic volatility, seasonal access constraints and exposure to climate-related hazards. These events cannot necessarily be prevented, but they should be anticipated more systematically during project design. Implementation periods and disbursement schedules should reflect the operating context, while contingency arrangements, alternative delivery modalities and decision points for adaptive management should be agreed in advance.

164. Exceptional external shocks include major natural disasters, pandemics, armed conflict and serious security incidents. External shocks were associated with 24 per cent of sampled delayed funded activities, with an indicative financial exposure of USD 746 million in GCF financing. Regulatory and government changes, including changes of administration, were associated with 22 per cent of sampled delayed funded activities, with an indicative financial exposure of USD 687 million. The factors were observed both before first disbursement and during subsequent implementation.

165. Where an exceptional event materially changes the conditions under which a funded activity was approved, delay should not automatically be interpreted as evidence of poor performance. A counterpart government may be replaced, a regulatory regime may change, or a project site may become inaccessible because of disaster or insecurity. In such circumstances, neither the Secretariat nor the AE may be able to restore the original implementation timetable.

166. However, the review also found that external events rarely constituted the sole cause of delay. More commonly, they amplified weaknesses already present in project design or implementation arrangements, or exposed vulnerabilities that stronger readiness and contingency planning might have mitigated. The appropriate response is therefore not simply to classify such delays as beyond the control of GCF and AEs, but to determine what could reasonably have been anticipated, what mitigation measures were available and whether adaptive management was initiated promptly.

167. The principal lesson is that not every delay can be prevented, but the consequences of many delays can be reduced. Greater attention should therefore be given at appraisal to country and political risk, climatic and seasonal constraints, market capacity, implementation readiness and the realism of proposed schedules. During implementation, material changes in context should trigger early review and time-bound adaptive management, including resequencing, revised delivery arrangements, restructuring, resizing or, where recovery is no longer realistic, partial or full cancellation. Repeated extensions without an assessment of the underlying viability of the funded activity should not be the default response.

168. These amounts are analytically apportioned across tagged delay factors and should not be read as financial losses or as the full financing affected by any single delay factor.

3.5 Priorities going forward

The priorities for 2026 and 2027

169. During 2026 and 2027, the Secretariat will focus on faster, more predictable portfolio implementation. Priorities respond to findings from the 2025 APR cycle, the review of delayed funded activities and wider portfolio analysis. They aim to strengthen readiness, accelerate

delivery, improve adaptive management, address underperforming activities and ensure timely project closure.

(1) Improve implementation readiness and accelerate delivery

170. The Secretariat will strengthen implementation readiness, execution capacity and delivery performance across the portfolio, with a stronger focus on ensuring that projects are prepared to deliver before approval and remain capable of implementation throughout their lifecycle.

- (a) Approve only implementation-ready projects and track readiness milestones to first disbursement

171. The Secretariat will strengthen its pre-approval implementation readiness analysis, which will result in only projects that are truly ready to implement being endorsed for approval. Appraisal will also test the realism of implementation arrangements, procurement plans, staffing, co-financing commitments and disbursement schedules. Project-specific readiness requirements and milestone tracking will identify delays in funded activity agreement signature, effectiveness, co-financing and first disbursement. Clearer AE accountability, earlier engagement and escalation will apply where progress falls behind schedule.

- (b) Bring implementation support closer to regions and partners

172. The Secretariat will strengthen regional approaches to bring implementation support closer to AEs, national designated authorities and executing partners. More regular dialogue, better coordinated missions and earlier escalation should accelerate resolution of country-specific constraints. Regional teams will also connect implementation experience with future programming by feeding lessons on market capacity, institutional readiness, regulatory constraints, political transitions and delivery conditions into project design, appraisal, risk assessment and disbursement planning.

(2) Strengthen procurement readiness and implementation capacity before bottlenecks emerge

173. Greater emphasis will be placed on procurement readiness, particularly in thin supplier markets and for complex packages. Early market sounding, supplier mapping, pre-bid engagement and phased or milestone-based contracting will be promoted. Capacity support will target procurement, financial management, monitoring, evaluation and learning, and project management. Clear roles, timely recruitment, documented processes, continuity arrangements and secondary focal points will reduce dependence on individuals, with regional engagement helping to tailor support to implementation realities.

(3) Build financial resilience and actively manage co-financing delivery

174. Project design and implementation will more systematically address inflation, currency volatility, financing costs and co-financing risks through realistic cost baselines, sensitivity analysis, contingency provisions and appropriate risk mitigation. Co-financing mobilization and expenditure will be monitored more closely. Where commitments are delayed or unavailable on approved terms, AEs will be expected to assess implications promptly and propose credible alternatives, including revised financing arrangements, phased delivery, restructuring or resizing.

(4) Anticipate contextual risks and adapt implementation before disruption escalates

175. Political, regulatory, climatic, seasonal and security risks will be reflected more systematically in implementation planning. Projects in uncertain environments should maintain practical contingencies, including alternative sequencing, delivery channels, locations and criteria for pausing or resuming activities. Where exceptional events materially change approved conditions, the Secretariat will distinguish unavoidable delay from poor performance while assessing whether risks were reasonably anticipated and whether available mitigation and adaptive management measures were initiated promptly.

(5) Accelerate disbursement and recover, restructure or close delayed activities

176. Programming teams will target funded activities with the largest gaps between scheduled and actual disbursements. Actions will resolve outstanding change and disbursement requests, unmet conditions and outdated schedules, supported by time-bound recovery plans. Persistently delayed activities will receive closer management attention and, where warranted, revised implementation arrangements, restructuring, resizing, partial cancellation or cancellation. Extensions will not substitute for assessing whether an activity remains viable and capable of delivering its intended results.

(6) Strengthen proactive portfolio oversight and accountability

177. The Secretariat will move from a largely reactive model of portfolio monitoring towards a proactive, differentiated and accountable approach that identifies delivery risks earlier, targets resources where they are most needed and applies proportionate corrective action.

(a) Use risk-based oversight to intervene earlier and differentiate portfolio management

178. The Secretariat will integrate information on disbursement, expenditure, procurement, staffing, co-financing, reporting and results to identify emerging risks earlier and differentiate oversight. Material changes will trigger timely review and corrective action rather than await annual reporting. Country portfolio reviews, ad hoc checks, targeted missions and external expertise will support deeper assessment where required, particularly for multi-country programmes and projects operating in remote, fragile, conflict-affected or politically volatile contexts.

(7) Implement the updated monitoring and accountability framework to drive accredited entity performance, compliance and corrective action

179. The updated monitoring and accountability framework, aligned with the revised accreditation framework, will provide a predictable and proportionate basis for assessing AE compliance and performance. It will support AEs in addressing identified weaknesses and allow proportionate measures, including restrictions on future programming, where sustained improvement is not achieved. Ad hoc checks, participatory monitoring and country portfolio reviews will identify systemic issues earlier, support corrective action and, where appropriate, facilitate engagement with national designated authorities.

(8) Shift to proactive, differentiated and accountable portfolio management

180. The objective is a more proactive, differentiated and accountable model of portfolio management, supported by stronger readiness, earlier intervention, better data and clearer decisions on whether delayed projects should be recovered, restructured, resized or closed. Progress will be assessed through improvements in time to first disbursement, alignment of scheduled and actual disbursements, resolution of overdue requests, reporting quality, recovery of delayed activities and the pace of full administrative and financial closure.

(a) Strengthen portfolio accountability, completion and closure

181. The Secretariat will place greater emphasis on ensuring that projects complete on time, outstanding obligations are resolved efficiently and portfolio resources are recycled promptly for future programming.

(b) Accelerate project completion and clear the closure backlog

182. The Secretariat will implement a time-bound closure acceleration initiative in 2027. Earlier readiness assessments, project-specific closure plans, clear submission and review timelines, central tracking and escalation will address overdue completion reports, evaluations, audits, financial reconciliation and returns of unused funds. Proportionate requirements and, where necessary, surge capacity will help clear the backlog while preserving fiduciary and accountability standards. Final results and lessons will be captured systematically to inform future programming and implementation.

(c) Modernize data, monitoring and portfolio intelligence

183. The Secretariat will strengthen the quality, consistency, accessibility and use of portfolio information to improve oversight, support evidence-based decision-making and reduce reporting burdens across the portfolio.

(d) Standardize monitoring, reporting and data quality through stronger digital controls

184. Portfolio reporting will be standardized and progressively integrated through the GCF Partner Portal, using consistent definitions, prefilled baselines and targets, embedded validations and clearer data lineage. Strengthened data governance and quality assurance will reduce errors, manual rework and inconsistencies between approved and reported information. Targeted support will address recurring AE reporting weaknesses, while more reliable and timely data will support earlier identification of implementation risks and better-informed management decisions.

(e) Strengthen data quality, reporting integrity and validation at source

185. GCF is completing the migration of funding proposals, annual performance reports, project completion reports and broader results reporting into the GCF Partner Portal with embedded validations, prefilled baselines and targets, and stronger data lineage to reduce rework. A data governance framework will underpin data quality assurance throughout the data pipeline, including dashboards and reports, while a refreshed open data library will improve external visibility on portfolio performance. The year 2027 will see the implementation of a data validation engine that will improve the quality of data at entry, leading to fewer errors and more efficient analysis of data reporting and portfolio performance.

(f) Institutionalize learning and knowledge-driven portfolio management

186. The Secretariat will strengthen its ability to convert implementation experience into practical guidance for future programming and portfolio management, ensuring that lessons learned are systematically captured, accessible and applied throughout the project cycle.

(g) Convert portfolio evidence into practical learning for project design and delivery

187. Lessons from APRs, evaluations, project completion reports, change requests, restructuring and delayed-disbursement analysis will be consolidated into accessible knowledge products and applied throughout the project cycle. Standard operating procedures,

technical guidance, searchable repositories and after-action reviews will reduce dependence on individual knowledge. New and restructured activities should demonstrate how evidence from existing projects has informed their design and delivery arrangements, translating portfolio learning into practical improvements.

188. The development of an AI-enabled knowledge management system, graduating from an updated taxonomy towards a relational ontology and knowledge graph, has been initiated. This will potentially automate the utilization of information across pipeline and portfolio systems. Testing is underway on artificial intelligence agents capable of synthesizing project evaluations, querying assessments of the independent Technical Advisory Panel and analysing Readiness and Preparatory Support Programme documentation, with APRs and other evidence sources scheduled for subsequent integration. The objective is to support demand-driven knowledge generation that allows teams to retrieve relevant evidence and lessons at the point of project design, appraisal, restructuring or implementation support. Technology will support continuous learning loops by enabling real-time access to portfolio experience, strengthening course correction during implementation and improving the quality of future concept notes and funding proposals through systematic use of available evidence and lessons learned.
