Climate Funds Update

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THE GREEN CLIMATE FUND

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The Green Climate Fund (GCF) became fully operational in 2015 as a dedicated fund to help developing countries shift to low-emission and climate-resilient development pathways. While the GCF is an operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and serves the Paris Agreement (UNFCCC, 2015), it remains a legally independent institution hosted by South Korea. The GCF has its own Secretariat with the World Bank as its Trustee. The 24 GCF Board members, with equal representation of developed and developing countries and support from the Secretariat, have been working to operationalise the Fund and implement its vision since their first meeting in August 2012.

In 2024, the first full year under its new executive director Mafalda Duarte, the GCF saw a comprehensive Secretariat-led review period and rationalisation effort aimed at updating and scrutinising some existing policies and frameworks with the stated purpose of improving access to the Fund and its network of partners with a renewed focus on country investment platforms and a 'fit-for-purpose' network of implementing entities. These included most prominently efforts to implement a revised strategy and some USD 500 million in additional funding for readiness support approved in late 2023 as well as a rethinking and intended radical revamping of its accreditation framework and strategy and advancing efforts for the Fund to better serve recipient country partners, such as looking into options for local currency funding and for establishing a regional presence. This was accompanied by a fundamental reorganisation of the Secretariat, staff policies and an almost complete new management leadership team. It remains to be seen if these changes and adjustments can drive up the number of funding proposals submitted by direct access entities as well as the overall quality and impacts of GCF projects and programmes, both approved and in the pipeline. 2024 saw progress in speeding up and reducing the legal backlog for disbursement of approved funding.

As of October 2024, the GCF had accredited 139 implementing entities as partners to deliver projects (with 19 added in 2024), and had approved USD 15.9 billion for 286 active projects and programmes in 133 countries with an overall worth of USD 62.1 billion. Throughout 2024, the GCF Board in three Board meetings approved 44 funding proposals worth USD 2.5 billion in GCF resources. This was significantly more than in 2023 and 2022, when the GCF faced some financial constraints to its commitment authority during its first replenishment period (GCF-1, 2020–2023), which saw confirmed pledges of USD 9.9 billion by 34 contributors.

As of January 2025, and thus after the first year of the GCF's second replenishment period (GCF-2, 2024-2027), USD 9.75 billion or just over 70% of the total pledges of USD 13.62 billion by 34 countries and one region for GCF-2 has been confirmed, although the Fund starts the year 2025 with a solid commitment authority of over USD 3 billion for expected programming in 2025. This leaves, however, only close to USD 1 billion in GCF-2 pledges still to be confirmed, after the second Trump administration with its announcement that it will quit the Paris Agreement again also rescinded all outstanding American pledges to the GCF. This means that the GCF under its new executive director, who joined at the tail end of the replenishment effort in August 2023, will have to look for new and additional contributions and financial inputs to come close to realising her ambitious '50 by 30' capitalisation vision for the GCF. Instead, the focus in ongoing reforms will likely centre on doing more with less, and the GCF highlighting its role in providing technical expertise, building attractive country pipelines and acting as 'match-maker' for investors in country programmes.

These efforts come as the Fund seeks to confirm and maintain its role in the climate regime as the major finance channel under the UNFCCC and as the largest multilateral climate fund within a dynamically changing global climate finance landscape, including as part of the commitment under the new collective quantified goal on climate finance (NCQG) post-2025 adopted at COP29 in Baku, Azerbaijan in November 2024 to triple annual outflows of multilateral climate funds serving the Convention and Paris Agreement from 2022 levels by 2030 (UNFCCC, 2024). The GCF in 2022 only approved 19 funding proposals worth USD 1.42 billion as it faced challenges to its commitment authority.

This Climate Finance Fundamental (CFF) provides a snapshot of the operations, programming and functions of the GCF at this crucial phase for its future. Past editions of this CFF further detail the design and initial operationalisation phases of the Fund.

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Introduction

As an operating entity of the financial mechanism of the UNFCCC under Article 11 (UN, 1992), a role confirmed in the Paris Agreement, the GCF is "accountable to and function[s] under the guidance of the COP" (UNFCCC, 2011: 17). It is mandated to take a country-driven approach, a principle that is supposed to guide all GCF investment decisions. It is also intended to channel "a significant share of new multilateral funding for adaptation" (ibid.), with the aim to balance funding for mitigation and adaptation measures. The GCF further ring-fences support for the urgent needs of Least Developed Countries (LDCs), Small Island Developing States (SIDS), African countries and for local private sector actors.

A total of USD 13.6 billion has been pledged so far to the Fund by 35 contributors for the second replenishment period (GCF-2, 2024-2027) with just over 70% of the pledges formalised through contribution agreements by January 2025. This is an increase in pledges over its GCF-1 period (2020-2023) with USD 9.9 billion and its initial resource mobilisation (IRM) process in 2014 with USD 10.3 billion, with some developed countries – most prominently Australia and the United States – coming back with promised support for GCF-2 after having not pledged for GCF-1. While pledged contributions under GCF-2 thus exceeded promises made under previous resource mobilisation rounds for the GCF, the fulfillment of the USD 3 billion pledge by the United States, the largest single support promise, will not be forthcoming under the Trump administration, which formally rescinded all outstanding American pledges made by previous administrations, including USD 1 billion still left unfulfilled from the initial resource mobilisation (IRM) effort as part of its formal notification to leave the Paris Agreement (Mathiesen, 2025). To cement its status as the largest multilateral climate fund with the potential to channel even larger sums over time, the urgent conversion of all other outstanding pledged amounts into contribution agreements is required to ensure that this money is made available as quickly as possible for programming in this critical phase, as access to highly concessional funding support becomes even more important for developing countries, many of which, especially the most climate vulnerable, are already facing unsustainable debt levels.

Contributions to the Fund, which are allowed and encouraged throughout GCF-2, are only accepted as grants, concessional loans and paid-in capital in the GCF Trust Fund managed by the World Bank as Trustee, whose tenure, after a review the Board extended for another four years until end of April 2027. With the exception of France and Canada, all pledged contributions for GCF-2 are grants received in a multitude of currencies. The GCF then offers grants, concessional loans, equity investments and guarantees to developing countries using the executing and financial management capacities of partner organisations that work as implementing entities or intermediaries.

GCF implementation issues

The governing instrument of the GCF presents a broad framework and general direction that has given the Board substantial flexibility on how to operationalise the Fund. In exercising this discretion, however, the GCF Board members bear responsibility for decisions that secure the ambition of the Fund, and allow it to achieve its overriding objective of: "[i]n the context of sustainable development … promot[ing] the paradigm shift towards low-emission and climate-resilient development pathways" (GCF, 2011: 2).

In 2024 the GCF's twelfth Co-chairs, Sarah Metcalf (United Kingdom) and Milagros De Camps German (Dominican Republic) as the first female team at the helm of the Board, made progress with efforts to strengthen the Fund's implementation of its Updated Strategic Plan for 2024-2027 (USP-2), a revised strategy for readiness and preparatory support during the same timeframe, and the exploration of local currency financing and better project preparation support. The Board worked to address the continued challenges with the ability of Board committees to deliberate on policy reforms, including by starting a review of Board committees' remit and operations to deal with capacity constraints or lack of quorum. In its first full year under new leadership – with the previous executive director Yannick Glemarec leaving after a single four-year term in April 2023 and the new executive director Mafalda Duarte taking the helm in August 2023 – the Secretariat underwent a significant restructuring effort but was largely able to stay on track with programming targets set for 2024 and thus for the first year of the GCF-2 programming period. This was a testament to ramped-up efforts from the outset of Duarte's tenure on rationalising and reorganising operational procedures of the GCF under a still expanding Secretariat and on the improved management of a growing portfolio of projects and programmes with rapidly growing disbursement of funds, which accelerated in 2024. It also spoke to the Secretariat's improved adaptive management capacity allowing it to deal with continued post-pandemic delays and a variety of challenges in portfolio implementation, including cost overruns and dealing with conflicts in a number of countries. With the Secretariat pre-occupied with strategic planning and dealing with its own restructuring and regionalisation efforts, some important revisions to existing operational policies and guidelines were advanced in 2024, such as a new accreditation and risk management approach, while others were further delayed, such as the longstanding attempt to update the GCF's interim environmental and social safeguards, to be now finalised in 2025 (see earlier CFF 11 up to 2025 for a more detailed elaboration of the GCF's operational development).

The GCF strategic vision and plan for GCF-2

Going into a new multi-year programming period, the GCF routinely embarks on strategic planning on priorities, as well as the necessary policy shifts and adjustments in the Secretariat structure and staffing needed to implement this vision. For the GCF's first replenishment period (GCF-1, 2020-2023), the strategic goals and the programming directions were detailed in an updated strategic plan (USP-1), which was approved after repeated attempts throughout 2020 only at the 27th Board meeting (GCF, 2020). The update to the GCF's original strategic plan from 2016 as part of the Fund's first replenishment process was guided by an in-depth forward- and backward-looking performance review of the GCF released by the Independent Evaluation Unit (IEU) in mid-2019 (IEU, 2019). This laid out in detail the policy revisions, operational adjustments and priority investment areas that could support the Fund to deliver on its mission and support developing countries' climate actions by becoming "faster, better and smarter" (ibid.: xvii). Whether and to what extent to integrate the IEU and contributor-country recommendations from their summary report (GCF, 2019a) into the new GCF-1 vision document proved highly contentious and revealed substantial differences between the visions of developed- and developing-country Board members for the Fund. For example, contentious issues included if a finance leverage target should be set for the GCF, if a similar target should be set for GCF financing to be programmed through direct access entities, how much to scale up adaptation funding during GCF-1 versus the IRM, the ability of the GCF to act as equity investor, and how to increase the role of the private sector in GCF programming. These issues still remain contentious years later. Ambitious goals and priorities set under USP-1 included doubling annual programming from the initial resource mobilisation period (IRM) to an average of USD 2.2 billion per year and tripling the GCF's portfolio size with better results management of outcomes and impacts; improving the GCF's programming focus on direct access, the private sector and adaptation (although failing to set new targets for each) with an expanding network of implementing partners; and enhancing support for country-driven pipeline development through greater Secretariat engagement in country programming, strategic readiness programming and building direct access entity (DAE) capacity for both programming and implementation.

In reviewing the Secretariat's capacity to deliver against the strategic plan during GCF-1, the Board at its 30th meeting in October 2021 approved a significant build-up of Secretariat staff of up to the full-time equivalent of 350 positions by the end of 2023. The Board in mid-2021 also set in motion the second performance review (SPR) of the Fund's performance for the GCF-1 programming period by mandating the IEU to assess the progress made by the GCF in delivering on its mandate as well as on the goals and priorities of the USP-1. A rapid assessment and emerging findings by the IEU were presented to the Board in March and October 2022 respectively (IEU, 2022a and 2022b), with the final report delivered at the 35th Board meeting in March 2023 (IEU, 2023). The findings from the SPR were meant to inform the Board's consideration for the further update of the GCF's strategic plan (USP-2) in 2023 with objectives and priorities for the second replenishment period (GCF-2) from 2024-2027.

In response to the dissatisfaction especially of contributing developed countries with the process for linking programming goals and the vision for the GCF with its first replenishment period, in which the strategic plan was only set after replenishment consultations were completed, for the second replenishment process the timeline required the completion of the update to the strategic vision and programming goals for GCF-2 prior to pledging. At its 32nd meeting in May 2022, the Board requested the Secretariat to present a review of the GCF policy frameworks for Board discussion and stressed its intention for an open, inclusive and transparent consultation process to inform the review and update to the existing strategic plan to be completed no later than mid-2023 and thus before the October pledging conference. A zero-draft of the USP-2 was presented to the Board for informal non-public consultation at its October 2022 meeting, with a revised version considered at the Board's 35th meeting in March before the plan's finalisation and approval at its 36th meeting in July 2023.

As the largest multilateral climate fund and one of the major actors in the wider climate finance landscape, the USP-2 sees the GCF's comparative advantages in being "a dedicated, country-driven, and partnership-based climate fund working at a unique nexus of risk, scale and flexible financial instruments that equip it to support the entire value chain of project conception, development and implementation, including acting as an accelerator and amplifier for climate action" (GCF, 2023a). The USP-2 targets the GCF's programming over the next four years to play to its unique added value in the global still evolving climate finance landscape with a set of target results focused on improved country programming through readiness support and increased direct access, with the goal of doubling the number of DAEs with programming (29 at the end of GCF-1) over four years; on increasing its adaptation funding toward locally-led adaptation; on supporting low-emission climate resilient infrastructure in up to 60 countries; on protecting up to 190 million hectares of ecosystems; on targeting support for low-emission transport systems, building and industry; and on providing seed and early stage risk capital for local private sector ventures and MSMEs, including through building up green finance institutions in recipient countries through access to GCF resources.

Multi-year Secretariat work programme under new leadership

With the announcement by Yannick Glemarec at the 31st GCF Board meeting in March 2022 that he would not seek a second term at the helm of the GCF Secretariat when his four-year mandate ended in April 2023, the GCF found itself initiating the fourth search process for an executive director in ten years[1]. This came at a critical time for the Fund's future in the midst of its second replenishment process, in which the Secretariat and the executive director play a key organisational and communication and outreach role.

Largely following the selection procedure used in the previous instances, the process for the search and selection of a new executive director was kickstarted with a Board decision at its 33rd meeting in July 2022 with the designation of an eight-Board member Ad hoc Executive Director Selection Committee (EDSC), which, with the support of an executive search firm, provided oversight, selected and interviewed a set of six candidates, with three considered for the final ranked short-list presented by the EDSC to the Board. The full Board then voted in closed session at its 35th Board meeting in March 2023 to appoint Mafalda Duarte as the new head of the independent Secretariat. She brings more than 20 years of relevant experience, having served prior for nine years as chief executive officer for the World Bank's Climate Investment Funds (CIFs) and following terms as climate finance manager and senior economist at the African Development Bank and the World Bank. The new executive director, who started her position in August 2023, had to hit the ground running, taking on the leadership of the institution just in time for the Climate Ambition Summit in New York, where she outlined her '50 by 30' ambition for the GCF to reach a USD 50 billion aggregate capitalisation by 2030, and in time for the GCF-2 pledging conference in October 2023. While not involved in the process to develop the USP-2 with priorities and goals for the GCF-2 programming period until the end of 2027, she is tasked in implementing its ambition, as well as setting the vision for the third GCF programming period (GCF-3, 2028-2031) and guiding a successful third replenishment process to start in mid-2026.

The Secretariat work programme (2025-2027), which the Board approved at its 40th meeting in October 2024, details a three-year trajectory and milestones for the Secretariat's top priorities with a focus on enhancing country ownership and access, delivering impacts and results and on people and institutional strengthening with a results framework that outlines goals to be achieved under each priority area per year. For 2025, the completion of accreditation policy reforms and an update to the monitoring and accountability framework, an update to the country ownership guidelines and shortening the time-frame for projects from concept review to Board consideration to nine months or less are outlined, as are submitting up to 50 funding proposals (including a third from the private sector) for technical review and Board consideration, finalising a proposal for regional presence and presenting an approach for resource mobilisation from alternative sources, are considered as firm deliverables. With progressive increases in ambition described for 2026 and 2027, by the end of 2027 the work programme foresees up to 61 funding proposals to be processed per year. Over the three-year period, up to 25 funding proposals approved are to reach underserved recipients, such as fragile and conflict-afflicted countries (FCAS), with at least 15 to focus on locally-led adaptation and support provided for around 60 countries for climate information and early warning systems. 2027 cumulative deliverables for the three years include 29 new DAEs with approved funding proposals, reaching an 85% portfolio implementation rate and expanding the proportion of approved private sector projects to 40%. Lastly, the work programme highlights the ambitious goal for 2027 to mobilise USD 17 billion in pledges for GCF-3 replenishment to enable the '50 by 30' vision and the implementation of the Fund's strategic vision under an updated strategic plan for 2028-2031 (GCF, 2024a, Annex V).

Resource mobilisation, commitment authority and formal replenishments (GCF-1 and GCF-2)

The GCF's IRM, which began in mid-2014, resulted in pledges by 45 contributing countries as well as several regions and cities and totalled USD 10.3 billion (for a detailed discussion see the 2014 CFF 11). The GCF achieved 'effectiveness', or the authority to make funding decisions, in May 2015 when 50% of the financing promises received during the November 2014 Pledging Conference in Berlin were fully paid in. During the IRM period (2014-2019), 44 countries, three regions and the city of Paris had confirmed part or all of their pledges amounting to about USD 8.3 billion. While Peru never confirmed its IRM pledge, Colombia and the US only partially honoured theirs – after its formal withdrawal from the Paris Agreement under the first Trump administration, the US failed to confirm USD 2 billion of USD 3 billion initially pledged in 2014. Since then, under the Biden administration, which rejoined the Paris Agreement, the US contributed a further USD 1 billion in April 2023, thus bringing the total of confirmed IRM contributions to about USD 9.3 billion (GCF, 2024b). In January 2024 with the formal announcement by a second Trump administration that it will leave the Paris Agreement, the United States rescinded all outstanding American pledges to the GCF, including the remaining USD 1 billion under the IRM (Mathiesen, 2025).

As the confirmed IRM contributions were received in a multitude of currencies and over several years and the overall results calculated according to a foreign exchange reference rate adopted for the Pledging Conference in November 2014, the actual overall funding amount available to the GCF during the IRM period was closer to USD 7.2 billion, and with the part of the outstanding US contribution received in 2023 has now been recorded as USD 8.1 billion (GCF, 2024b). At the end of the IRM on 31 December 2019, then about USD 454 million was left. These resources carried over to the first formal replenishment period (GCF-1), which began on 1 January 2020 and ran until the end of 2023.

The GCF's first replenishment was formally launched at the 21st Board meeting in Bahrain in October 2018 with the GCF's cumulative funding commitments having reached USD 5.5 billion and thus surpassing 60% of total contributions to the GCF Trust Fund received by November 2015. The Bahrain decision focused on the procedural aspects of the replenishment process, not the highly politicised questions regarding the length of the replenishment period, the envisioned scale, or the policies for contributions. These were determined through a series of replenishment consultation meetings with potential contributor countries, in which a delegation of the GCF Board also participated, convened in Bonn (November 2018), Oslo (April 2019) and Ottawa (August 2019), and culminating in a Pledging Conference in Paris in October 2019. The process was aided by the Co-chairs' appointment of a global facilitator.

In the past, the issue of contribution policies has been especially contentious. Developing-country Board members have wanted to avoid the earmarking of resources and the establishment of voting shares for decision-making by contribution. The policy for contributions for GCF-1 approved at the Paris Pledging Conference did not allow for earmarking: instead it set caps for loan and capital contributions at 20% each of overall contributions received, and allowed countries up to nine years to pay in their pledged contributions, with credits received for early fulfilment of contribution agreements.

At the Paris Pledging Conference, 27 countries pledged a combined USD 9.78 billion, of which 94% was committed as grants, with only 6% of the total pledged by France and Canada in the form of loans. Despite being major contributors to the IRM, the US and Australia did not participate in Paris. In the absence of the US, and in response to calls for increased contributions to the GCF, a number of developed European countries (such as Germany, France, the United Kingdom, Norway and Sweden) doubled their initial IRM contribution in local currencies, while others increased their contribution less substantially (such as the Netherlands, Italy and Spain) or not at all (most prominently Japan and Canada). South Korea also doubled its pledge and was the only developing country to pledge in Paris. Since then, Indonesia, Russia, Malta, the Belgian region of Wallonia and the Belgian Brussels Capital Region have pledged for GCF-1, with several other countries (such as Austria and Liechtenstein) adding to their initial pledges.

As of December 2024, the GCF reported the equivalent of USD 9.9 billion in pledges for GCF-1 received from 34 contributors, or slightly higher at USD 10 billion with credit earned for early payment (Table 1). Under the GCF-1 policy for contributions, the Fund was to reach its commitment authority once 25% of pledges made in Paris were converted into contribution agreements. This effectiveness threshold was surpassed in mid-December 2019, allowing the GCF to start allocating GCF-1 resources. By November 2022, all 34 contributors confirmed 100% of their pledges and signed contribution agreements, amounting to USD 9.9 billion equivalent in nominal terms. Already in 2021, the GCF Secretariat had warned that given anticipated payment schedules for confirmed pledges until the end of GCF-1, it would lack the commitment authority to maintain around USD 2.5 billion in programming for 2022 unless promissory note encashment schedules were accelerated or new contributions received. Throughout its operations in 2022, the GCF faced constraints to its commitment authority, and thus the amount of projects it could fund, resulting in only approving between USD 300 and 550 million in new projects per Board meeting, and thus significantly below demand for proposals and the more than USD 1 billion approved at several individual Board meetings in the past years. Going into the 34th Board meeting in October 2022, the GCF had only a commitment authority for USD 579 million for funding decisions, based on cash in the GCF Trust Fund, deposited promissory notes and confirmed pledges. A further USD 921 million was available in projected additional cash for disbursement for the remainder of 2022, with another USD 1.7 billion for 2023, and thus starting the last year under GCF-1 with adequate resources available. While this allowed for more funding approvals in 2023, averaging around USD 700 million per each of the three Board meetings, this also provided important lessons learned for the next four-year programming period under GCF-2 regarding the need to more pro-actively manage the GCF's commitment authority. This includes efforts by the GCF Secretariat to ask contributors for modifications and flexibility to their commitment schedules regarding cash contributions and promissory note encashment where possible and as needed in order to maintain a steady and predictable programming level.

The GCF Board at its 33th meeting in July 2022 formally kicked off the process for the second replenishment period of the GCF (GCF-2) to run from January 2024 to December 2027, which according to the GCF-1 updated contribution policies was to be initiated 30 months after the commencement of the first replenishment period in order to allow sufficient time for the preparation and consideration of evaluations and performance reports to guide GCF-2 strategic programming and contribution discussions. It conducted a series of three consultation meetings, held virtually (August 2022, December 2022 and April 2023) and concluded with a high-level pledging conference in early October 2023 hosted by Germany. The main focus of these consultation meetings were to discuss and agree on financial matters of GCF-2, including the updated policy for contributions, which the Board approved at its 36th meeting in July 2023, the financial position of the Fund, and the reference exchange rates to account for the different currencies in which pledges are received. The updated contribution policy for GCF-2 continued the GCF-1 practice of setting caps for loan and capital contributions at 20% each of overall contributions received, and allows for up to nine years for the payment of pledged contributions on an indicative payment schedule, with credit received for early fulfilment of contribution agreements (GCF, 2023b).

At the Bonn Pledging Conference, 25 countries pledged a combined USD 9.22 billion, of which 94% was committed as grants, with only 6% of the total pledged by France and Canada in the form of loans. Most countries, most notably Germany, the United Kingdom, Belgium, Canada, Austria and Spain, increased their contribution over GCF-1 in domestic currencies, albeit to varying extent, with Denmark, Liechtenstein and Luxembourg doubling. Others (including Italy and Norway), actually pledged less than four years earlier and countries such as Switzerland, France, the Netherlands or Japan stayed mostly flat. South Korea also significantly increased its pledge and was with Mongolia the only developing country to pledge in Bonn. The 37th Board meeting in October 2023 formally endorsed the results of the second replenishment process, including the results of the pledging conference. Since then, six more countries, most prominently the United States with a commitment of USD 3 billion, have pledged their support for GCF-2, resulting in a total pledged amount of USD 12.83 billion, with credit for early payment or encashment included by 31 contributor countries as of early 2025 (see Table 1). However, in light of the new Trump administration's announced intention to again leave the Paris Agreement, to freeze all international climate finance contributions (White House, 2025) and to rescind all previous outstanding pledges to the GCF, no contribution from the United States under GCF-2 will materialise. While further new and top-up contributions are encouraged and accepted on a rolling basis, including from countries such as Australia, which returned to GCF-2 after sitting out GCF-1 only with a very modest commitment, and Sweden, which came back as a major contributor for GCF-2 in 2024, this cannot make up for the US shortfall. At the end of 2024, the confirmed pledges for GCF-2 now stand at USD 9.6 billion, with several countries (Canada, France, Hungary and Italy) not having confirmed part or the entirety of their initial pledges (GCF, 2024c).

The GCF reached effectiveness of its commitment authority for GCF-2 already during the Bonn Pledging Conference, as more than 25% of the total amount pledged then were confirmed in fully executed contribution arrangements. This allowed for a seamless programming transition between GCF-1 and GCF-2 in 2024. At the end of 2024, the GCF had USD 1.77 billion in available commitment authority, with forecasted commitment authority available for decisions at three scheduled Board meetings in 2025 of USD 3.7 billion, of which the Fund hopes to programme up to USD 3 billion (GCF, 2025a). Table 2 provides an overview over the forecasted commitment authority and additional resources available for disbursement during GCF-2 as of year-end 2024.

Table 1: Status of pledges and contributions for the GCF initial resource mobilisation (IRM), for the GCF first replenishment (GCF-1) and for the GCF second replenishment (GCF-2) (as at 31 December 2024)[a]

	IRM (2014-2019)		GCF-1 (2020-2023)			GCF-2 (2024-2027)			
Contributors	Nominal pledge in USD million eq.[a]	Confirmed pledge in USD million eq.[a]	Nominal and confirmed pledge in USD million eq.[a, c]	Nominal pledge in USD million eq.[a] with credits[b]	Disbursed cash and deposited promissory notes in USD million eq.[a]	Nominal pledge in USD million eq.[a]	Nominal pledge in USD million eq.[a] with credits[b]	Confirmed pledge in USD million eq.[a]	Disbursed cash and deposited promissory notes in USD million eq.[a]
Australia	187.30	187.30	–	–	–	33.80	34.00	33.80	–
Austria	34.80	34.80	146.40	152.50	146.40	172.90	180.10	172.90	43.20
Belgium	66.90	66.90	112.60	116.90	112.60	162.10	167.90	162.10	40.50
Belgium – Brussels	4.80	4.80	1.10	1.20	1.10	–	–	–	–
Belgium – Flanders	19.70	19.70	–	–	–	–	–	–	–
Belgium – Wallonia	10.90	10.90	1.80	1.90	1.80	0.40	0.50	0.40	0.40
Bulgaria	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Canada	277.00	277.00	225.50	229.10	225.50	333.60	340.00	183.60	183.60
Chile	0.30	0.30	–	–	–	–	–	–	–
Colombia	6.00	0.80	–	–	–	–	–	–	–
Cyprus	0.50	0.50	–	–	–	–	–	–	–
Czech Republic	5.30	5.30	–	–	–	4.00	4.10	4.00	1.00
Denmark	71.80	71.80	120.70	126.00	120.70	232.20	239.50	232.20	47.20
Estonia	1.30	1.30	–	–	–	1.10	1.10	1.10	1.10
Finland	107.00	107.00	112.60	114.90	112.60	64.80	66.70	64.80	4.30
France	1,035.50	1,035.50	1,743.30	1,794.10	1,743.30	1,739.60	1,782.10	1,291.20	603.9
France – City of Paris	1.30	1.30	–	–	–	–	–	–	–
Germany	1,003.30	1,003.30	1,689.30	1,689.80	1,689.30	2,160.90	2,160.90	2,160.90	540.20
Hungary	4.30	4.30	0.70	0.70	0.70	0.30	0.30	–	–
Iceland	1.00	1.00	2.80	2.90	2.80	3.60	3.70	3.60	0.40
Indonesia	0.30	0.30	0.50	0.50	0.50	–	–	–	–
Ireland	10.70	10.70	18.00	18.70	18.00	43.20	44.80	43.20	21.60
Israel	–	–	–	–	–	0.10	0.10	0.10	0.10
Italy	334.40	334.40	337.90	337.90	337.90	324.10	324.10	–	–
Japan	1,500.00	1,500.00	1,500.00	1,521.20	1,500.00	1,224.20	1,235.20	1,224.20	306.00
Latvia	0.50	0.50	–	–	–	–	–	–	–
Liechtenstein	0.10	0.10	0.30	0.30	0.30	0.40	0.50	0.40	0.10
Lithuania	0.10	0.10	–	–	–	–	–	–	–
Luxembourg	46.80	46.80	45.00	46.30	45.00	54.00	56.00	54.00	8.10
Malta	0.60	0.60	0.90	0.90	0.90	0.40	0.50	0.40	0.40
Mexico	10.00	10.00	–	–	–	–	–	–	–
Monaco	2.30	2.30	4.20	4.40	4.20	3.60	3.70	3.60	0.90
Mongolia	0.10	0.10	–	–	–	0.10	0.10	0.10	0.10
Netherlands	133.80	133.80	135.10	140.10	135.10	151.30	157.20	151.30	54.00
New Zealand	2.60	2.60	10.00	10.60	10.00	15.00	15.90	15.00	15.00
Norway	272.20	272.20	417.50	434.20	417.50	305.60	316.60	305.60	80.00
Panama	1.00	1.00	–	–	–	–	–	–	–
Peru	6.00	–	–	–	–	–	–	–	–
Poland	0.10	0.10	3.00	3.20	3.00	–	–	–	–
Portugal	2.70	2.70	1.10	1.20	1.10	4.30	4.50	4.30	1.10
Republic of Korea	100.00	100.00	200.00	200.50	200.00	300.00	301.80	300.00	34.30
Romania	0.10	0.10	0.06	0.06	0.06	–	–	–	–
Russia	3.00	3.00	10.00	10.50	10.00	–	–	–	–
Slovakia	2.00	2.00	2.30	2.30	2.30	2.40	2.50	2.40	0.60
Slovenia	–	–	1.10	1.20	1.10	1.60	1.70	1.60	1.10
Spain	160.50	160.50	168.90	176.50	168.90	243.10	252.80	243.10	151.30
Sweden	581.20	581.20	852.50	852.50	852.50	763.10	763.10	763.10	–
Switzerland	100.00	100.00	150.00	155.50	150.00	150.00	155.50	150.00	39.00
United Kingdom	1,211.00	1,211.00	1,851.90	1,851.90	1,851.90	2,000.00	2,000.00	2,000.00	279.80
United States	3,000.00	2,000.00	–	–	–	3,000.00	3,000.00	–	–
Vietnam	1.00	1.00	–	–	–	–	–	–	–
TOTAL	**10,322.20**	**9,310.80**	**9,867.50**	**10,002.00**	**9,867.50**	**13,495.90**	**13,615.70**	**9,573.00**	**2,449.30**

Source: Status of Pledges (IRM, GCF-1 and GCF-2), https://www.greenclimate.fund/sites/default/files/document/2024-status-pledges-website-december-31-ver2.pdf

a. United States dollars equivalent (USD eq.), calculated on the basis of the reference exchange rates established for the High-level Pledging Conference for the IRM in Berlin in 2014, for the High-level Pledging Conference for GCF-1 in Paris in 2019, and for the High-Level Pledging Conference for GCF-2 in Bonn in 2023.

b. As per the Policy for Contributions for GCF-1 and GCF-2 respectively, a notional credit is applied to the pledges made by contributors who have indicated that they would make payments in advance of the standard schedule (which allows for up to nine years for the fulfillment of pledges). A similar nominal credit was not offered for the IRM.

c. For GCF-1, as of 31 December 2024, 100% of the pledged amounts of the 34 contributor countries were confirmed; thus, within the table the columns for pledged and confirmed amount are combined since they are identical.

Table 2: Projected available commitment authority and additional resources available for disbursement at the start of GCF-2 (as at 31 December 2024, in USD millions eq.[a])

Calendar year	2024	2025	2026
Starting commitment authority	1,774	–	–
Cash contributions	720	800	395
Promissory note deposits	2,048	1.391	1,540
Loans	–	–	–
Total projected commitment authority for the year	**2,768**	**2,191**	**1,935**
Additional cash available from the IRM for disbursement[b]	**141**	**111**	**107**
IRM cash contributions	–	–	–
IRM promissory note encashment[c]	141	111	107
Additional cash available from GCF-1 for disbursement[b]	**710**	**632**	**549**
GCF-1 cash contributions	69	69	21
GCF-1 promissory note encashment	641	563	528
GCF-1 loans	–	–	–
Additional cash available from GCF-2 for disbursement[c]	**937**	**1,266**	**759**
GCF-2 cash contributions	651	731	374
GCF-2 promissory note encashment	286	535	385
GCF-2 loans	–	–	–
Total additional cash available for disbursement (IRM, GCF-1 and GCF-2)	**1,788**	**2,009**	**1,415**

Source: Document GCF/B.41/Inf.13, Status of the GCF resources, pipeline and portfolio, Tables 3–7; https://www.greenclimate.fund/sites/default/files/document/10-status-gcf-resources-pipelines-and-portfolio-performance-gcf-b41-inf13.pdf

a. USD equivalent (eq.) is based on the foreign exchange rate as of 31 December 2024. The USD equivalent amount will fluctuate according to the rate at the time of conversion.

b. Projections are based on the signed contribution agreements/arrangements as at 31 December 2024, and do not include cash available at 31 December 2024, cushions or newly signed agreements after this date.

c. Projections are based on the signed contribution agreements/arrangements as at 31 December 2024, and do not include cash available at 31 December 2024, cushions or newly signed agreements after this date. Also, the promissory note encashment amounts from South Korea, Sweden and the United Kingdom are not reflected here as the schedules are under consultation.

Structure, organisation, staffing and administrative budget of the Fund's Independent Secretariat

In December 2013, an Independent Secretariat for the GCF, located in Songdo, South Korea, began its work with around 40 people. The number of staff has increased significantly since, reaching 100 positions at the end of 2016 and 140 by the end of 2017. Secretariat staff levels were approved by the Board at up to 250 positions by 2020, but levels stagnated below 220 for most of 2020 and 2021, which reflected increased staff turnover and attrition as well as efficiency gains in streamlining operational procedures. This recognised the growing workload of the Secretariat given an expanding portfolio under implementation, its complexity and the ambition of GCF-1 programming goals under the GCF's updated strategic plan (GCF, 2021). Accordingly, the Board at its 30th meeting agreed to build-up the Secretariat's staff to the equivalent of 300 full-time positions (in staff and consultants) in 2022 and up to 350 positions in 2023. However, the Secretariat's effort to accelerate its recruitment process proved difficult in 2022, with housing challenges and staff compensation levels deemed not competitive enough a core reason for the slower than hoped for staff growth (it had 223 staff in October 2022). Further aggressive recruiting was pursued with the goal to reach the planned 315 staff at the end of 2023 (with 301 staff count achieved) and to stabilise the Secretariat's headcount in line with requirements to implement GCF-2 programming goals at 325 in 2024 (with 315 count achieved). This staff build-up is to be accomplished while maintaining the operating expenses of the Secretariat at 0.7% of assets under management. The decision by the Board in October 2022 to review and update the GCF's salary structure, followed by the Board's decision at its 37th meeting to increase compensation levels by 4.5% for 2024 to be more competitive with organisational counterparts, such as the Asian Development Bank, is in support of such efforts. At its 38th meeting, the Board adopted a new compensation philosophy that is supposed to serve as the foundation of the updated GCF salary structure and compensation framework to accompany the planned further increase of full-time staff (GCF, 2024d, Annex II). A three year work programme and administrative budget for the Secretariat approved at its 40th meeting foresees a further staffing increase to 340 full-time staff by the end of 2025 (with 365 by end of 2026 and 385 staff by the end of 2027) commensurate with the goal to reach USD 25 billion in programming by 2027. Recruitment in 2025 will aim at shoring up staff capacity in critically needed functions such as monitoring, evaluation and learning (MEL), safeguards, risk management, finance, treasury functions and policy development (GCF, 2024a, Annex V).

After an external evaluation of the Secretariat's structure and staffing needs in 2017, the Board approved a major reorganisation of the Secretariat into five major divisions. These were: country programming, mitigation and adaptation, Private Sector Facility (PSF), support services, and external affairs, plus five offices for the general counsel, governance affairs, internal audits, portfolio management, and risk management and compliance. It further expanded the office of the executive director to include a deputy executive director and a focus on knowledge management and strategic outlook. From 2019 onward, the Secretariat structure has had more clearly separated functions and related reporting lines throughout the project cycle, with programming divisions reporting to the deputy executive director and second-level due diligence and compliance overseen by the executive director. Further efforts from 2020-21 focused on strengthening workplace culture and staff development and wellbeing given the continued work challenges brought on by the Covid-19 pandemic as well as internal grievance and dispute resolution measures. In 2022, the structure was further adjusted, adding new offices for human resources, sustainability and inclusion, financial analysis and innovation and institutional finance (for now ten offices in total). A new Division of Portfolio Management established in 2022 in recognition of the growing implementation scale and responsibilities of the GCF reached 43 staff in 2023. This compared with 36 staff for country programming, 40 for mitigation and adaptation and 22 for the Private Sector Facility.

With the start of programming under the GCF's second replenishment period (GCF-2) and an updated strategic direction in 2024, the new executive director Mafalda Duarte pushed for a comprehensive restructuring of the Secretariat, major management team adjustments and a new job architecture to ensure the Secretariat organisation and staff are fit-for-purpose for new programming requirements under the USP-2 and supportive of the implementation of her '50 by 30' vision. This included significant staff reassignments and turn-over and brought in a new leadership team. The new organisational structure with a decidedly corporate framing will have four large divisions on 1) strategy and impact (overseeing departments on communications; partnership and resource mobilisation; strategy, policy and innovation; and MEL); 2) investments (with four regional departments, the Private Sector Facility, investment services, and strategic investment partnerships and co-investments); 3) operations (with departments on people and culture, information technology and corporate services), and 4) on finance and risk management, as well as four offices of governance affairs, internal audit, general counsel and the ED office (GCF, 2024e, Annex III). Efforts by the Secretariat, after the Board considered initial feasibility assessments in 2023, also continued in 2024 to establish a regional presence in order to overcome language and time-zone barriers that complicate engagement with NDAs and AEs in partner countries. Several options for feasibility were presented at the 38th meeting, but the Board decided that further work and consultations are needed before a decision in 2025. Given the proposed Secretariat structure and expected staffing level it is expected that the Board will consider regional offices that could be capable of providing integrated services throughout the programming cycle.

The GCF's overall administrative budget for 2025 (which includes expenditures for the Secretariat, the Board, and the Trustee), approved in October 2024, shows an increase of 9% with USD 110.6 million in 2024 to now projected USD 120.6 million. This includes portions for 2025 of previous GCF Board decisions from 2023 with additional funding for significant growth to the GCF full-time staff capacity for an anticipated average staff headcount of 340 in 2025. The budget for the Secretariat for 2025 is therefore quite a bit higher at USD 110.5 million in comparison to USD 100 million in 2024, a 10% increase. With its decision at its 40th meeting, the Board also approved the provisional administrative budget for the Secretariat for 2026 at USD 120.6 million, as well as for 2027 at USD 128.2 million, to be updated and adjusted. The administrative budget for the Board for 2025 is USD 4.9 million for 2025, with USD 4.7 million budgeted for the World Bank's trustee services. This does not include USD 2.5 million for the Secretariat approved additionally as a contingency budget to deal with unexpected costs due to risks associated with a growing portfolio to deal with disruptions to operations and staffing, such as for continued alternative and remote working arrangements and adaptive management needs (GCF, 2024a, Annex V).

Results management frameworks and performance indicators

Since 2014, the GCF Board and Secretariat have worked to update and refine an initial results management framework with performance measurement matrices against which the impact, effectiveness and efficiency of its funding will be assessed. The initial results framework defined the elements of a paradigm shift towards low-emission and climate-resilient country-driven development pathways within individual countries and aggregated across Fund activities. It defined four focus areas for mitigation, namely low-emission transport; low-emission energy access and power generation at all scales; reduced emissions from buildings, cities, industries and appliances; and sustainable land and forest management (including REDD+ implementation)[2] for mitigation. The core metric is that of greenhouse gas (GHG) emission reductions in tons of carbon dioxide equivalents. For adaptation, the four focus areas target the increased resilience of health, food and water systems; infrastructure; ecosystems; and enhanced livelihoods of vulnerable people, communities and regions, with the core metrics being the number of beneficiaries. In this context, the indicators also committed to assess the resulting developmental, social, economic and environmental co-benefits and gender-sensitivity of GCF investments at the Fund level, thereby including both quantitative and qualitative measures. The Board approved a separate performance measurement framework for REDD+ activities, for results-based payments.

Work on further refining the initial performance indicators for adaptation and to better capture both the outcomes of projects and programmes funded, as well as the transformative impact of the Fund's aggregate activities and efforts to advance accounting methodologies, stalled for several years. The significant shortcomings of the GCF's initial results and performance frameworks were noted in an independent evaluation prepared by the IEU in 2018 (IEU, 2018a) and considered by the Board at its 22nd meeting in February 2019, which mandated a thorough revision. For two years (2019-2021), the Secretariat worked through a consultancy to address some of the recognised short-comings, particularly in its results measurement of adaptation, as well as in developing methodologies to measure the paradigm shift potential of the Fund's approved portfolio. The goal of an improved results management framework is also to align better with the Fund's investment framework and integrate a resource management approach in ensuring that Fund resources can achieve maximum outcomes and impacts in contributing to the GCF's overall strategic objectives and the goals of the Paris Agreement.

The GCF's new integrated results management framework (IRMF) was approved at the Board's 29th meeting in June 2021. This followed several rounds of Board discussions and revisions after the presentation of a draft IRMF and proposed results tracking tool (RTT) to the Board at its 27th meeting in November 2020. The new IRMF replaces the initial adaptation and mitigation performance measurement frameworks set in 2014 and is applied for projects and programmes submitted starting from the 32nd Board meeting in mid-2022. The IRMF maintains the eight results areas for results measurement at the GCF impact, outcome and project/programme levels. It now tracks and measures the paradigm shift potential of GCF funded activities with a focus on assessing their scale, replicability and sustainability. GCF outcomes for mitigation and adaptation are now assessed against four core indicators (instead of the previous two) each with several sub-indicators. In addition to the core metrics of GHG emissions reduced, avoided or removed for mitigation and direct and indirect beneficiaries reached for adaptation, two new core indicators now also look at the value of physical assets and hectares of natural resource areas brought under improved management through adaptation and mitigation efforts. Four additional core indicators (on enabling environment, technology transfer and innovation, market development/transformation, and knowledge generation/learning and standard-setting) focus on how those impacts are achieved. These core indicators are to be combined with qualitative assessments in a three-point scorecard with low, medium and high ratings to be used by evaluators during mandatory interim and final project/programme evaluations.

To address concerns by developing country Board members regarding the impact of the IRMF on project/programme eligibility and direct access, the Board in 2021 requested the development of a results handbook requiring Board approval as well as approved an additional USD 12.4 million in capacity building support for a new dedicated funding window under the Readiness and Preparatory Support Programme (RPSP) to support direct access entities to apply the IRMF in their projects/programme results frameworks. A draft of the results handbook was published by the Secretariat in May 2022, but is yet to be finalised and approved by the Board (GCF, 2022).

On the fund level, the Secretariat tracks results as part of its annual reporting under the strategic plan for GCF-1 through the RTT, publishing Annual Results Reports (ARRs) for 2020 and 2021, but not for 2022. The GCF Annual Report for 2023 listed for its portfolio of 243 projects and programmes approved at the end of GCF-1 a total of 2.9 billion tCO_2e in mitigation benefits and more than 1.1 billion beneficiaries (direct and indirect) of its adaptation efforts, but without indicating gender-differentiated beneficiaries (GCF, 2024f). As of January 2025, and after the first year of programming under GCF-2, the GCF's Data Library indicates for its portfolio of 286 projects and programmes a total of 3.06 billion tCO_2e in mitigation benefits and more than 1.27 billion beneficiaries (direct and indirect) of its adaptation efforts, with 49% of beneficiaries listed as female.

Investment framework

At its 11th Board meeting in Zambia in November 2015, the Board decided project proposals would be evaluated against a set of six agreed investment criteria focusing on: 1) impact (contribution to the GCF results areas); 2) paradigm shift potential; 3) sustainable development potential; 4) needs of recipient countries and populations; 5) coherence with a country's existing policies or climate strategies; and 6) the effectiveness and efficiency of the proposed intervention, including its ability to leverage additional funding (in the case of mitigation) as well as a list of activity-specific sub-criteria and indicators agreed in 2015. Evaluation of medium- and large-size funding proposals is aided by a scoring approach, ranking proposals as low, medium or high against the investment criteria.

During 2018, work by the Board's Investment Committee and the Secretariat further progressed on the identification of quantitative and qualitative benchmarks. These inform the investment framework of the Fund and support the review and assessment of project proposals alongside efforts to monitor implementation. Based on this work, the Board at its 22nd meeting in February 2019 approved a set of investment criteria indicators for a one-year pilot, although it was unable to review the pilot in 2020. The Board in 2019 also considered, but was not able to approve a set of separate policies aimed at requiring Accredited Entities (AEs) to more clearly elaborate the climate rationale of funding proposals as well as to justify the level of concessionality requested and apply incremental cost calculation methodologies. With policy work largely stalled in 2020 and 2021 due to the Board's reduced work programme during the pandemic, 2022 saw the adoption of the policy on climate rationale at the Board's 33rd meeting in July after concerns by developing countries were addressed that such a policy should not be used to reject adaptation proposals on technical grounds in the absence or unavailability of long-term data sets. The policy clarifies that best available information and data, including from the IPCC as well as traditional, local and indigenous knowledge and practices, are sufficient as the basis for demonstrating the climate impact of GCF-supported activities. A new guidance approved by the Board at the same meeting on the approach and scope of GCF funding for adaptation measures, which takes into account the findings and recommendations of an in-depth 2021 IEU evaluation on adaptation (IEU, 2021a), complements the new policy. The Board has yet to consider and approve guidelines for programmatic approaches; this has to be taken up with some urgency as the GCF-2 programming period is well underway, given that the Board since 2020 went ahead with the approval of several large-scale funding programmes in the absence of a joint understanding of rules and regulations needed to guide their implementation and accountability, and that programmatic approaches are also central to the vision of the GCF's Updated Strategic Plan for 2024-2027. At its 37th meeting in October 2023, the Board approved an update to the investment framework by adjusting overall investment allocation parameters and portfolio targets for GCF-2, such as the expectation that the share of funding for private sector activities in nominal terms would grow further. The investment frameworks six core indicator and 24 coverage indicators continue to apply.

The Board's investment decision-making is also informed by recommendations on individual funding proposals provided by an Independent Technical Advisory Panel (ITAP). ITAP was formed in 2015 with six members and its effectiveness and capacity were reviewed in 2017. The Board finally reconsidered the mandate, structure, review procedures and expert composition of the ITAP in March 2021 (as part of an ongoing comprehensive review of the work of committees, expert groups and panels). In approving the updated ITAP review procedures at its 28th meeting, the Board followed the changes recommended in 2020 by its Investment Committee, but also clarified timelines and issues resulting from the ITAP's non-endorsement of funding proposals, especially in cases where the assessment of proposals and their recommendation for Board approval differs between the ITAP and the Secretariat. The latter caused irritation in the case of several adaptation proposals not forwarded for Board consideration by the ITAP in 2021. The updated ITAP review schedule and procedure supports better alignment of proposal review schedules between the Secretariat and the ITAP by conducting the ITAP reviews on a rolling basis and within specified time frames, establishes smaller peer review teams within ITAP instead of requiring consensus among all ITAP members for clearing proposals for Board consideration, as well as mandates deepened engagement with the AEs on project/programme proposals under review for proposed Board consideration. In recognition of the increase in the ITAP's workload with the number of funding proposals – including under the Simplified Approval Process (SAP) – steadily growing, the Board already in 2020 confirmed the nomination of four additional ITAP members to start their work in 2021, selected with a view to further broaden the range of expertise represented on the now 10-member panel. A performance review of individual ITAP members in early 2022 led to some personnel changes on the panel. Some criticism by developing country Board members about some proposals that were rejected by the ITAP repeatedly and thus needing multiple attempts to clear the technical review for consideration by the full Board, and ongoing discussions in 2023 in the Investment Committee led to the recommendation for a broader review of the function, governance and role of the ITAP. The Board at its 40th meeting in October 2024 adopted the terms of reference for such work under the guidance of the Investment Committee, with a report back to the full Board with recommendations that could decide the future role, if not the continued existence of the ITAP, in early 2026 (GCF, 2024a, Annex III).

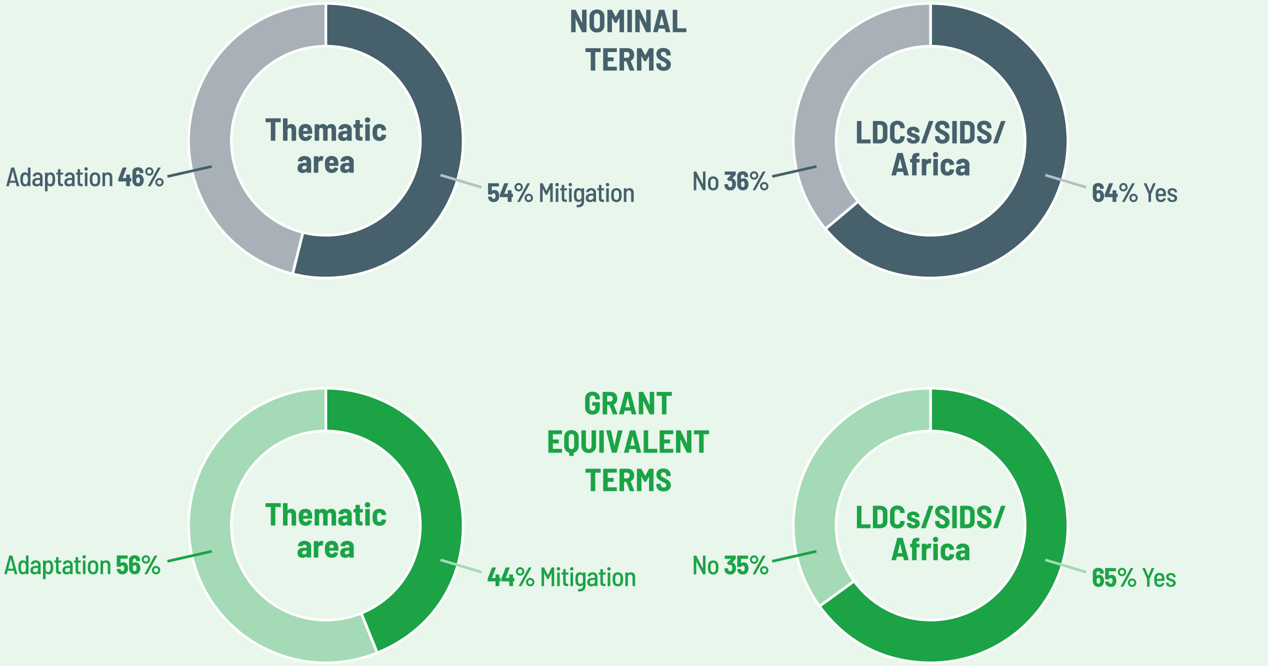
Allocation

The GCF is committed to 'balance' spending between mitigation and adaptation. In 2014, the Board approved an allocation framework which clarified that the GCF is to spend 50% of its funding on adaptation, of which 50% is to be spent in LDCs, SIDs and African states. Allocations are to be tracked in grant equivalents. While there is no maximum allocation cap for individual countries, the Board has stressed the need for geographic balance (see the 2014 CFF 11 for further details on the GCF allocation approach).

After the 40th GCF Board meeting, the portfolio of 286 approved and active projects and programmes reflected an allocation in grant equivalent terms of 44% (USD 4.3 billion) dedicated to mitigation projects and 56% (USD 5.6 billion) dedicated to adaptation projects and programmes. In nominal terms, the picture for the portfolio of 286 active projects and programmes (with 125 devoted to adaptation, 69 focused on mitigation and 92 classified as cross-cutting by combining elements of both) looks quite different. Of the USD 15.9 billion in funding approved, 54% (USD 8.6 billion) is for mitigation and 46% is for adaptation (USD 7.3 billion). Integrated in these amounts is the funding approved for the growing number of cross-cutting proposals (although the detailed criteria the Secretariat uses for allocating funding under cross-cutting proposals to either adaptation or mitigation and for calculation of the overall balance remain unclear). Thus, over the past years, the imbalance in the portfolio in nominal terms has stayed in favour of mitigation, reflecting also the fact that many of the adaptation measures approved by the GCF Board are relatively small, single-country projects (GCF, 2025a). Despite calls by the IEU in its forward-looking performance review to increase the share of adaptation by striving towards a balanced allocation in nominal terms for GCF-1, contributors and the Secretariat committed only to maintain the efforts towards balance in grant equivalent terms, which was also confirmed by the Board at its 27th meeting as a goal under the updated strategic plan for GCF-1. Without further adjustments, the same goal for a 50:50 balance over time between adaptation and mitigation funding in grant equivalent terms was also integrated in the update to its strategic plan for GCF-2, which the Board approved in mid-2023 (GCF, 2023a).

The regional distribution in nominal terms shows 38% (USD 5.9 billion) for Africa, 35% (USD 5.6 billion) for Asia-Pacific, 23% (USD 3.8 billion) for Latin America and the Caribbean, and 4% (USD 644 million) for Eastern Europe. Some 153 projects and programmes target SIDS, LDCs and African states either wholly or partly (GCF, 2025a). Vulnerable countries received 64% (USD 4.7 billion) of the GCF's approved adaptation funding in nominal terms and 65% (USD 3.6 billion) in grant equivalent terms and thus significantly above the targeted floor of 50% of the allocated adaptation funding (see Figure 1).

Figure 1: GCF funding by thematic area and adaptation allocation for LDCs/SIDS/African states in nominal and grant equivalent terms (%)



Source: Document GCF/B.40/02, Figures 6 and 7; https://www.greenclimate.fund/sites/default/files/document/gcf-b40-02-consideration-funding-proposals.pdf

Project pipeline and approval process

By December 2024, the GCF project pipeline comprised 62 funding proposals (50 public sector and 12 private sector), requesting USD 3.3 billion in GCF support and worth USD 10.4 billion in total. Of the requested GCF funding amount, 42% or USD 1.38 billion is for adaptation, only 11% or USD 0.36 billion is for mitigation, while 47% or USD 1.57 billion is for cross-cutting approaches; this continues a trend of earlier years with the number and value of mitigation funding proposals in the pipeline sinking sharply. Of the requested adaptation funding, over two thirds or USD 1.7 billion is requested for projects and programmes in LDCs, SIDS and African states. Among regions, most pipeline proposals target Africa (49%), followed by Asia-Pacific (30.4%), and Latin America and the Caribbean (11%). Just 9.2% of pipeline funding has been requested for project and programmes in Eastern Europe. Of all pipeline proposals, 23 (37.1%) are from direct access entities, but they account for only 24.6% of requested funding, with the 39 proposals from international access entities adding up to three quarters of the requested funding (GCF, 2025a).

There are also 277 (238 public sector and 39 private sector) early-stage proposals in the form of concept notes in the pipeline that together require USD 13.7 billion in GCF funding support; 142 of these (51.3%) are from direct access entities, with 48.1% of the required funding, a significant increase over the previous year, with 115 concept notes from international access entities (41.5%) and 20 concept notes under the PSAA pilot approach (7.2%). With the number of direct access project/programme proposals and concept notes in the pipeline having further grown over the past years, this marks the first year with more direct access concept notes with a higher volume of requested funding (USD 6.6 billion or 48.1 %) than for international access entities (USD 6.3 billion or 46.1%) in the pipeline. It remains to be seen if these can be developed successfully into full funding proposals, and thus a stable shift to more of approved GCF funding flowing through direct access entities.

Since 2016, the Secretariat has issued four targeted requests for proposals (RfPs) under five pilot programmes. Approved by the Board in 2015, specific pilot programmes on Enhanced Direct Access (EDA) and micro-, small and medium-sized enterprises (MSMEs) were launched in 2016. In 2017, at its 16th meeting, the Board approved a USD 500 million private sector-focused pilot programme that led to an RfP for mobilising funding at scale (MFS) in the same year. At its 18th meeting in Cairo in 2017, the Board approved an RfP under its USD 500 million REDD+ results-based payments pilot programme. An USD 80 million pilot scheme for a SAP for micro- and small-size low-risk projects gained Board support in 2017 after many delays, accepting proposals on an ongoing basis. The GCF's IEU in June 2021 completed a rapid assessment of the GCF's RfP modality and recommended significant improvements to its use to address the current lackluster utilisation of some of the active RfPs (IEU, 2021b):

- So far seven projects projects worth USD 119 million have been approved under the EDA pilot, the last a public sector adaptation facility in October 2024. The programme's future looks significantly improved over previous years with five remaining active funding proposals and six EDA concept notes worth USD 336.7 million in GCF funding in the pipeline, almost all of them from LDCs, SIDS and African states. The GCF Secretariat has intensified efforts to support direct access entities in utilising the EDA approach, including by issuing a new guidance document in November 2021.

- For the MSME pilot programme, 30 concept notes were initially received, with seven shortlisted for further development. Of these, four were submitted and approved, but only three MSME projects (worth USD 60 million) are still at an active stage, with one having lapsed.
- The private sector-focused RfP for MFS received 350 concept notes, of which 30 were shortlisted. It currently has four active projects with its first proposal, approved at the 23rd Board meeting in July 2019, now cancelled. The four projects and programmes under implementation were approved two each at the 25th and 27th Board meetings in 2020 for a total worth of USD 203 million.
- Under its USD 500 million REDD+ results-based payments pilot programme, four projects worth USD 228.7 million in Brazil, Ecuador, Paraguay and Chile were approved in 2019. Four more projects in Indonesia, Colombia, Argentina and Costa Rica worth USD 268.2 million were approved in 2020, thus exhausting the funding envelope for the pilot programme. This left four concept notes still in the pipeline, which, if approved, would require more than USD 350 million in results-based payments. A further five countries have become eligible for support under the pilot since funding was exhausted in 2020. Efforts intensified in 2023 to propose the next funding phase, following several technical workshops and consultations. A proposal submitted by the Secretariat for the Board's 37th meeting in October 2023 was considered and in a revised form approved by the Board at its 40th meeting in October 2024. The new policy for REDD+ results-based payments (RBP) essentially ends the pilot programme and mainstreams the approach into the regular project and programme activity cycle, with the funding allocated to REDD+ RBP to be determined under each programming period of the GCF (and not yet set for GCF-2). The Secretariat is tasked to develop relevant guidance and templates, building on those used during the pilot programme phase, but utilising an approved updated REDD+ RBF scorecard. However, the four countries that had submitted and were deemed eligible under the initial pilot programme, namely Laos, Papua New Guinea, Vietnam and Uganda, are allowed to still submit their funding proposals for REDD+ RBF under the initial pilot framework as an exception (GCF, 2024a, Annex VIII).
- Since its launch in late 2017, the SAP pilot scheme saw the approval of four projects in 2018, added another eight approved projects in 2019, seven more in 2020, four in 2021, two in 2022, eight in 2023 and significantly scaled up in 2024 with 14 new approved SAP projects for a total of USD 606.4 million approved across 47 SAP projects. Of these, 23 are from direct access entities and only five from the private sector. The demand for SAP is high with another 93 funding proposals and concept notes (87 from the public sector and six from the private sector) in the pipeline worth almost USD 1.38 billion in GCF support and USD 2.18 billion when taking co-financing into account. Around two thirds of the requested GCF funding in the SAP pipeline (65%) is from DAEs and National Designated Authorities (NDAs), with 63% requested from LDCs, SIDS and African States (GCF, 2025a).

  Throughout 2020 and 2021, the SAP was reviewed by the Secretariat and independently assessed by the IEU (IEU, 2020) with significant updates proposed to its operations, including increasing the level of GCF funding support from the previous USD 10 million, widening the eligibility to mid-risk categories and the consideration of shifting SAP funding decisions away from in-person Board meetings. The Board considered and discussed those and other options at both its 29th and 30th Board meeting in 2021, but could not make a decision on updating the SAP. At its 32nd meeting in May 2022, the Board confirmed that the focus of SAP projects would remain with low-risk projects, but raised the scale of individual SAP projects to USD 25 million in GCF support and tasked the Secretariat to work with the Independent Technical Advisory Panel (ITAP) to reduce the information required for proposal review, as well as to increase the readiness support for SAP funding proposal preparation.

As part of the 2022 update to the GCF accreditation framework, in April 2023 the three-year pilot phase for the project-specific assessment approach (PSAA) was launched. It allows for a one-off project submission without going through the formal accreditation process and is supposed to prioritise proposals from regional, national and sub-national entities in developing countries, particularly those without approved GCF-funding and from entities that have responded to RfPs, such as private sector actors that have submitted concept notes, but are not seeking accreditation. As of December 2024, 22 entities have been pre-screened for PSAA participation, with 19 proposal submissions received (four public and 15 private sector ones) with a funding request of USD 1.29 billion (GCF, 2025a). The first PSAA proposal, as a SAP, was approved by the Board at its 40th meeting in October 2024, with several more up for Board consideration in early 2025. All in all, the Secretariat expects up to ten PSAA proposals worth around USD 750 million to come for Board consideration in 2025 (GCF, 2024a, Annex V).

The Secretariat conducts due diligence on all proposals submitted to ensure compliance with the Fund's interim environmental and social safeguards, its gender policy, its Indigenous Peoples policy and financial and other relevant policies. It also assesses proposals against the GCF investment framework as well as specific additional scorecards in the case of targeted RfPs. Only funding proposals that have received a no-objection clearance by an NDA or a country's focal point can be submitted. Throughout 2024, Board discussions and Secretariat efforts continued to centre on steps to improve the quality of proposals, including by better elaborating their climate rationale, and to increase the number coming from direct access entities. The Board approved at its 22nd meeting in February 2019 a policy outlining requirements for cancellation and restructuring of approved projects and its looking at updating this policy in 2025. This follows a multi-year upward trend for restructuring and change requests from 36 in 2021 to 115 in 2023 for already approved projects due to implementation delays from the pandemic and global inflation causing cost overruns. Around a third of projects and programmes under implementation were affected by change requests, including a growing number of major changes requiring

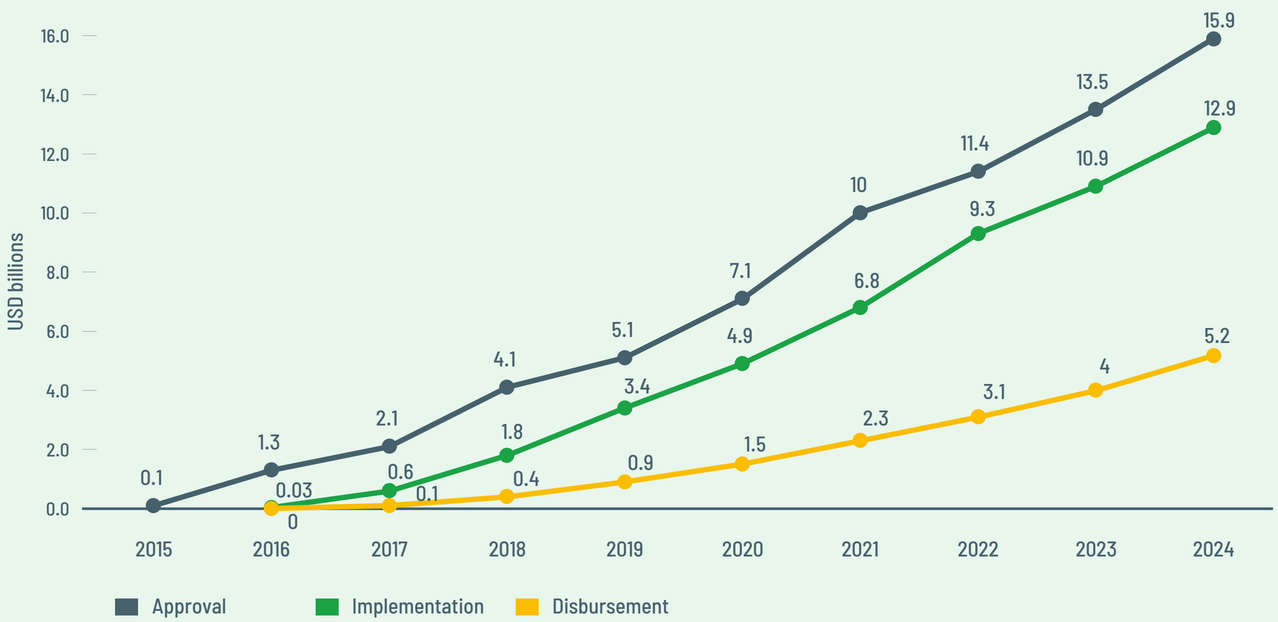
Board approval, several of which were approved in 2024, and indicating an increased need for adaptive management (GCF, 2024g). For 2025, the Secretariat has already issued some red flag warnings for several projects that might require major restructuring if not cancellation (GCF, 2025a).

A project preparation facility (PPF) further has ramped up its activities in 2024, including its roster of consultancy firms that can directly provide project preparation services to direct access entities at their request and simplified its PPF application process. Established following a Board decision at its 11th meeting in Zambia in 2015, USD 40 million was approved by the Board at its 13th meeting for the initial phase of the PPF. It is targeted primarily at small-scale activities and for direct access partners (although it is open to request from all accredited entities and now includes PSAA applicants). At its 37th meeting in October 2023, the Board endorsed revised PPF operation modalities and approved USD 90.5 million in additional PPF funding. Project preparation support of USD 1.5 million, and in exceptional circumstances of up to USD 3 million, which is approved by the executive director, can now be used for a wider set of preparatory activities, including assessment of climate impact indicators, gender studies and stakeholder engagement plans. As of end of 2024, 106 PPF applications have been approved for USD 66.6 million, with USD 42.8 million disbursed to 58 accredited entities, 55% or USD 36 million going to direct access entities. PPF support has led to the approval of 36 funding proposals worth USD 2.17 billion in GCF funding and total climate finance of USD 6.72 billion, including ten funding proposals in 2024. Demand for the PPF remains strong with 75 PPF requests in the pipeline worth USD 47.8 million (GCF, 2025a).

By mid-October 2024, after 27 rounds of project considerations since late 2015, the Board had approved USD 15.9 billion for 286 active GCF-supported projects and programmes. This includes 67 private sector projects/programmes worth USD 5.94 billion in GCF financing and 70 worth USD 3.27 billion in GCF support to be implemented by direct access entities, as well as six projects under the EDA, three under the MSME, eight under the REDD+ and five under the MFS pilot programmes. In 2024, 44 project and programme proposals were approved for USD 2.53 billion in GCF funding. Of these only three supported mitigation with USD 176 million (7%), 21 supported adaptation with USD 660 billion (26%), while 20 supported cross-cutting projects and programmes with USD 1.69 billion (67%) in GCF support, accelerating the massive increase in GCF cross-cutting funding support in absolute and percentage terms. Implementation ramped up further in 2024 despite lingering disruptions caused by the pandemic and inflation. As of December 2024, 243 approved projects and programmes worth USD 12.4 billion were under implementation, with USD 5.2 billion disbursed to 226 projects and programmes, including full disbursement for approved funding for 25 projects (among them eight REDD+ projects). This however means that USD 8.3 billion of approved GCF funding remains undisbursed. In 2024, the Secretariat focused on increasing the speed for progressing from the GCF Board approval of projects to first disbursement of funding, including bringing down processing times through digitalisation efforts (GCF, 2025a).

Figure 2 provides an overview over the development of GCF portfolio implementation and disbursement since 2015.

Figure 2: GCF portfolio implementation and disbursement 2015-2024 (cumulative, in USD billion)



Source: Document GCF/B.41/Inf.13, Figure 32, p. 37, https://www.greenclimate.fund/sites/default/files/document/10-status-gcf-resources-pipelines-and-portfolio-performance-gcf-b41-inf13.pdf

Financial instruments, concessionality and co-financing

The Fund has used financial instruments beyond grants and concessional loans in support of its 286 approved and active projects and programmes so far, although equity investments and risk guarantees – with 11% (USD 1.795 billion) and 2% (USD 386.6 million) respectively – still make up a minor percentage of overall GCF funding. The largest share with 41% or USD 6.526 billion of approved financing is committed in the form of concessional loans and 39% or USD 6.247 billion in the form of grants. Results-based payments, such as the funding paid for eight REDD+ projects, now takes up 3% (USD 496.7 million) of approved funding, while 3% (USD 495 million) was approved as reimbursable grants. Over time, the Fund may also offer an even broader suite of financial instruments. For example, the PSF has started to involve the Fund as a direct equity investor in some GCF projects and is floating the idea of establishing a co-investment platform; there has also been talk about a possible bond issuance. Some developing-country Board members remain concerned that more complex financial instruments would move the Fund towards a bank structure, thus undercutting the core mandate of the GCF as an operating entity of the Financial Mechanism of the UNFCCC, which focuses on meeting the additional costs of climate change-related interventions through concessional financing.

At its 13th meeting in 2016, the Board proposed interim risk and investment guidelines for one year. These were differentiated for the public and private sector and based on principles such as maximising leverage and only seeking the minimum required level of concessionality. The guidelines stipulated that while public sector projects could receive 100% GCF grant funding, for private sector investments the grant component would be capped at 5% of total costs. Years later, however, the Fund is still operating on a case-by-case approach, as a standard set of terms for even public sector lending is not yet elaborated. In 2019, a review of the financial terms and conditions recommended a uniform approach to measuring the level of concessionality needed to make GCF funding proposals viable, but the review confirmed the case-by-case approach for private sector proposals.

At its 24th meeting the Board approved a policy on co-financing. While not establishing a co-financing requirement to access GCF funding, the policy nevertheless outlines such an expectation and details AE reporting requirements on co-financing. Board efforts that began in 2019 to consider separate policies on concessionality and incremental cost methodologies stalled in 2021 and 2022, could not be advanced in 2023 and 2024, and might come up in 2025.

At its 33rd meeting in July 2022, the Board considered findings from its second review of the financial terms and conditions, with a view to expanding the range of financial instruments the GCF could use going forward, the more efficient use of its concessionality, and considering whether and how barriers could be overcome, such as for example the lack of a credit rating for the GCF. The Board tasked the Secretariat and Investment Committee with further work, including developing a local currency financing pilot programme to address current risks associated with currency fluctuations at the project and programme level, with the Board considering some initial options at its 36th meeting in July 2023. The Board at its 39th meeting in July 2024 reviewed progress made in developing a framework for addressing the scope and criteria for local currency financing and tasked the Secretariat to provide the Investment Committee with further analysis on the Fund's existing foreign exchange exposure, as well as to develop a foreign exchange management framework (GCF, 2024h). Going forward, the financial terms and conditions of the GCF's financial instruments are to be reviewed regularly in the year prior to the start of a new replenishment programming period. By the end of 2024, the GCF has already recorded some USD 269 million in cumulative reflows of its loan portfolio, which becomes then available for new project funding (GCF, 2025a).

Risk management

To balance inputs into the Fund (currently only in the form of grants from the public and private sector, paid-in public capital contributions and concessional public loans) with the risks and concessionality of finance that the GCF is to offer, the Fund established safeguards such as capital cushions to maintain the ability of the GCF to deliver a significant portion of its funding as grants. The implementation of its initial financial risk management framework (approved by the Board at its 7th meeting in 2014), as well as the implementation of a comprehensive risk management framework (approved by the Board at its 17th meeting and which includes the GCF's risk appetite statement) is overseen by the Board's standing Risk Management Committee working with the Secretariat's Office of Risk Management and Compliance. A detailed risk register – that also addresses non-financial risks such as reputational or compliance risk that the Fund faces as part of this framework – is complemented by a preliminary risk dashboard. This was further refined in 2018 and is updated quarterly for every Board meeting and publicly available (GCF, 2024i). Several components of the GCF risk management framework were approved in 2018, specifically an investor risk policy, a non-financial risk policy covering disasters or cyber-attacks, and a funding risk policy dealing with liquidity or foreign exchange risks. At its 23rd meeting in July 2019, the Board approved one of the last missing policy pieces in the risk management framework – a compliance policy. In 2020, the Secretariat and Risk Management Committee jointly reviewed the initial financial risk management framework, proposing only minor changes. The Secretariat in 2021 continued to work on updates to the legal risk management and risk-rating models, and provided further analysis of the currency risk of non-USD contributions to the GCF, including the risk of currency mismatch as most funding commitments are approved in USD. The Fund initially had set aside USD 170 million to lower the risk caused by the currency mismatch, and during B.33, the Board decided to set aside an additional amount of USD 150 million towards the risk buffer. At its 34th meeting in October 2022, the Board also approved a new policy to minimise the effect of currency fluctuations on the commitment authority of the GCF, which includes the establishment of a collateral reserve and set-aside of USD 50 million.

In 2024, a review of the risk management framework, including the risk register and the risk dashboard template as well as a revision to the GCF's risk appetite statement was started, to better align the risk management framework with the USP-2 for the GCF-2 programming period. The Board adopted a new risk appetite statement at its 40th meeting in October 2024, indicating that the GCF is willing to accept considerable risks in its programmes and projects in return for impact potential evaluated on a case-by-case basis; the new statement introduces three levels of risk tolerance classified as low, moderate and considerable while reducing the scope of policies, behaviours and activities for which a zero tolerance for non-compliance will be applied (GCF, 2024a, Annex IX).

Country ownership

The Board has repeatedly confirmed country ownership and a country-driven approach as core principles of the Fund. An NDA or a focal point acts as the main point of contact for the Fund, develops and proposes individual country work programmes for GCF consideration, and ensures the consistency of all funding proposals that the Secretariat receives with national climate and development plans and preferences. As of January 2025, 148 of 154 eligible countries have designated an NDA or focal point. Countries' engagement with the GCF is highlighted on individual country pages on the GCF website. Countries have flexibility on the structure, operation and governance of NDAs.

At its 17th meeting the Board approved updated and more detailed country ownership guidelines, including guidance on country coordination functions and stakeholder engagement, which are to be reviewed at minimum every two years. Any proposal needs to be accompanied by a formal no-objection letter (NOL) to the Secretariat from the NDA or focal point in order for it to be considered by the GCF. For regional and multi-country proposals, each country in which the project/programme is to be implemented needs to issue a no-objection letter. This is intended to ensure recipient-country ownership of funding for projects, particularly those that are not implemented by governments (for example through the private sector). In 2024, several Board members from developing countries raised concerns about the current NOL template and its legal status, especially in light of programmatic approaches and multi-country programmes where sub-projects are not yet known at the time of programme approval and urged a revision of the NOL process to be tackled in early 2025.

By the end of 2019, and with it the end of the IRM, 24 official country programmes detailing GCF funding priorities had been submitted in final form; a further 33 countries had shared draft versions of their country programmes. Country programmes that are nationally consulted and coordinated with the work programmes of accredited entities were seen as the basis for improved programming during GCF-1. In 2020, only three additional country programmes could be finalised. Four more finalised country programmes endorsed by the Secretariat were added in 2021, with an additional four finalised in 2022, although a number of additional country programme drafts were received and are in various stages of review. In 2023, a further seven country programmes and in 2024, another five country programmes were endorsed by the Secretariat, which also provided technical assistance and support, including through expert deployment, for 49 countries in investment planning and country programmes. This was the result of strengthened and re-organised country programming support for a second generation of country programmes, including through further scaled-up technical assistance via readiness support, with a focus on embedding GCF financial support stronger than previously into a broader country financial strategy. Work also continued on familiarising AEs with updated country programming guidelines, streamlining AEs' investment priorities in their work programmes and through active match-making by the Secretariat. At the end of GCF-1, the Secretariat reported 111 country programmes in various stages of development, most advanced through increased readiness support (GCF, 2024j). Of those, 48 were finalised, including five in in 2024.

Access modalities

The GCF works through a diverse range of partners. Like the Kyoto Protocol's Adaptation Fund, the GCF gives recipient countries direct access to funding through accredited national, sub-national and regional implementing entities and intermediaries. These may include government ministries, non-governmental organisations (NGOs), national development banks, and other domestic or regional organisations that can meet the standards of the Fund. As previously mentioned, a letter of no objection by the country's NDA or focal point is also necessary under the country-ownership principle to allow for the accreditation of a direct access entity to proceed. Countries can also access funding through accredited international and regional entities (such as multilateral and regional development banks and UN agencies) under international access, and private sector entities can be accredited as implementing entities or intermediaries too.

Developing countries have also been keen to explore modalities for enhancing direct access (EDA), under which developing country-based accredited institutions make their own decisions about how to programme resources under an allocation of GCF resources. Under a USD 200 million EDA pilot programme, a July 2016 request for EDA proposals netted 12 concept notes, but so far too few have come to fruition. At its 14th meeting, the GCF Board approved its first EDA project for a small grants programme in Namibia. After the Board failed at its 18th meeting in Cairo to approve an EDA proposal from Argentina, in 2018 only one more EDA proposal from Antigua and Barbuda was approved. It took almost three years for a third EDA proposal from Micronesia to be approved at the 30th Board meeting in October 2021, with a fourth for an Amazon eco-business facility in Peru to be added at the Board's 34th meeting in October 2022. 2023 saw two more EDA proposal approvals for two small grant adaptation approaches in Benin and Micronesia, with one West African regional EDA programme approved in 2024 for a total of now seven EDA projects worth USD 119 million. This leaves five remaining active funding proposals and six EDA concept notes worth USD 336.7 million in GCF funding in the pipeline, almost all of them from LDCs, SIDS and African states. In 2020, the Secretariat established a new EDA team tasked to draft specific guidelines, and increased its outreach to direct access entities on how to develop EDA proposals as an innovative approach to promote more locally led climate actions. These guidelines were published in November 2021, with the Secretariat since then continuing to prioritise additional measures for enhancing direct access, such as targeted on-boarding and training for DAEs. The Secretariat's three-year work programme for 2025-2027, approved at the 40th GCF Board meeting, in its results framework lists doubling the number of new DAEs with approved funding proposals by adding 29 new DAEs by the end of 2027 as one core deliverable, although it does not reference the EDA pilot (GCF, 2024a, Annex V).

Accreditation framework with fiduciary standards and environmental and social safeguards

In 2014, the Board agreed on a broad accreditation framework with a three-step accreditation process. Implementing entities and intermediaries from both the public and the private sector need to have in place best practice social and environmental safeguards and meet strong fiduciary standards to ensure good financial management. Additional specialised fiduciary standards are required for financial intermediation and programme management. GCF AEs also have to show their ability to comply with the GCF gender policy. In June 2014, the Board adopted the performance standards of the International Finance Corporation (IFC), the private sector arm of the World Bank Group, as the Fund's interim environmental and social safeguards (ESS). While the Fund was supposed to develop its own ESS within three years with inclusive multi-stakeholder participation, this process has been significantly delayed and was only taken up in 2019. This followed the adoption of a forward-looking, human-rights based Environmental and Social Policy (ESP) at the 19th Board meeting in 2018 as a core building block towards completion of the Fund's own Environmental and Social Management System (ESMS). The ESP was updated in 2021 to codify obligations by GCF implementation partners to comply with the Fund's policy on preventing sexual exploitation, abuse and harassment (SEAH). At its 23rd meeting in July 2019, the Board finally approved the process for developing the Fund's own ESS through a comprehensive multi-stakeholder participation process. Progress on this work stalled repeatedly, with several calls for public input on the suggested scope and specificities and on the first draft of the GCF's new proposed ESS advanced during 2021 an 2022, but then not again taken up since then. In the meantime, thinking in the Secretariat has turned to looking at the extent to which the GCF could rely on AEs' own articulated safeguard policies, applying a broader 'functional equivalency' approach. This leaves the future of the GCF's own ESS articulation in doubt, including as the GCF is considering a fundamental revamping of its accreditation approach to be presented for Board approval in 2025.

Under the current 'fit-for-purpose' accreditation approach – in which the application of fiduciary standards and ESS are categorised and matched to the risk level, complexity and size of the project or programme that will be implemented – applicant entities choose which category of accreditation they seek and whether they want to be accredited to provide additional intermediating functions.[3] A six-member Accreditation Panel, last evaluated and adjusted in expert composition and membership as a result of an in-depth performance evaluation in late 2020 for its 2021-2024 term, reviews applicants' documentation and recommends to the Board whether an entity shall be granted accreditation, indicating further conditions where applicable. The initial accreditation period is for five years, after which time an entity needs to reapply. An entity can also seek to upgrade its accreditation to a higher risk, size, or complexity level, with eight such upgrades so far approved by the Board. According to a decision taken at the 23rd Board meeting, accreditation is considered effective once an AE has signed its Accreditation Master Agreement (AMA). With the accreditation of the first GCF implementing entities effective since spring of 2015, the Board at its 24th Board meeting approved a review process for re-accreditation. In 2020, eight AEs were originally scheduled to apply for re-accreditation, although in a decision at its 26th meeting the Board allowed for a one-time request for a six-month extension to the accreditation term due to Covid-19. In 2021, the Board re-accredited five AEs (including three DAEs), but could not agree on the re-accreditation of one DAE. In 2022, it re-accredited 14 AEs (including seven DAEs); in 2023, a further twelve AEs were re-accredited (including six DAEs). This reflected a conscious effort by the GCF Secretariat and Accreditation Panel to prioritise re-accreditations over new accreditations (in 2023, eight new entities were accredited, five of them direct access ones) in order to avoid lapses in the accreditation terms of accredited entities with projects and programmes under implementation. To reduce pressure on the re-accreditation pipeline, the Board at its 37th meeting in October 2023 extended the accreditation term of all AEs by three years from the date their accreditation term lapsed or will lapse, or until the adoption by the Board of a revised accreditation framework, whichever occurs earlier. By the end of 2023, this affected already 17 AEs in various stages of re-accreditation which through the extension of their first accreditation term were allowed to continue to programme with the GCF; in 2024, a further 17 AEs whose five-year accreditation term would have lapsed benefitted from this extension (GCF, 2024k). The Board, at its 18th meeting, also mandated the Secretariat to consider a revision of the accreditation framework to include other modalities for institutions to work with the GCF, such as a project-specific assessment approach (PSAA). While the Board approved the PSAA in principle at its 23rd meeting in July 2019, an elaboration of its procedure, which stalled in 2020 and 2021, was only adopted as a three-year pilot approach starting in April 2023 at the Board's 31st meeting in March 2022 as part of the broader update to the GCF's accreditation framework also approved. It establishes the PSAA as a second accreditation modality to complement institutional accreditation. The PSAA allows any entity not accredited with the GCF to bring only one proposal up to medium risk and of unlimited scale for Board consideration. The Board approved the GCF's first PSAA proposal at its 40th meeting in October 2024. The Secretariat plans to bring between eight to ten more for up to USD 752 million to the Board in 2025. The PSAA is considered a necessity to move forward with concept notes submitted by non-accredited entities from the private sector under its MFS pilot programme; it is also supposed to allow more developing country actors, deterred by the institutional accreditation process, to come forward with project proposals. Entities interested in submitting proposals through the PSAA can receive readiness and project preparation funding support.

Lastly, a long-overdue accreditation strategy (first requested by the Board at its 10th meeting in July 2015) was finally approved at the 34th Board meeting in October 2022; it is to be reviewed after five years. It seeks to focus on determining and filling gaps (regional, scope, capacities) of the growing existing AE network against both the mandate and the updated strategic plan of the GCF, as well as the programming needs of developing countries. It proposes to explore the potential for the GCF to increase its reliance on AEs' systems and policies, more actively guide applicants to the appropriate accreditation modality (PSAA or institutional accreditation), offer other collaboration options to interested parties and prioritise the accreditation and re-accreditation of certain applicants and AEs, with a particular focus on multi-pronged support pre- and post-engagement with DAEs. The updated accreditation framework, which became effective in April 2023, streamlines and further clarifies the processes for accreditation and re-accreditation. Under the new leadership, the Secretariat in 2024 proposed further comprehensive revision and restructuring. A proposed revised framework developed by the Accreditation Committee and the Secretariat was extensively discussed at the Board's 39th and 40th meetings, although not approved. Proponents argued that improvements were necessary and a Fund priority for the GCF-2 programming period in order to improve country ownership, responsiveness and efficiency of the Fund and to support the capacity of DAEs, while some skeptical voices pointed out that the revision of the accreditation framework would do little to improve the capacity of already accredited DAEs to programme more of the GCF's funding. The Board will consider a revised accreditation framework and updates to the fees for accreditation as well as to the monitoring and accountability framework (MAF) at its 42nd meeting in mid-2025. A revised accreditation framework is also supposed to simplify legal arrangements with implementation partners.

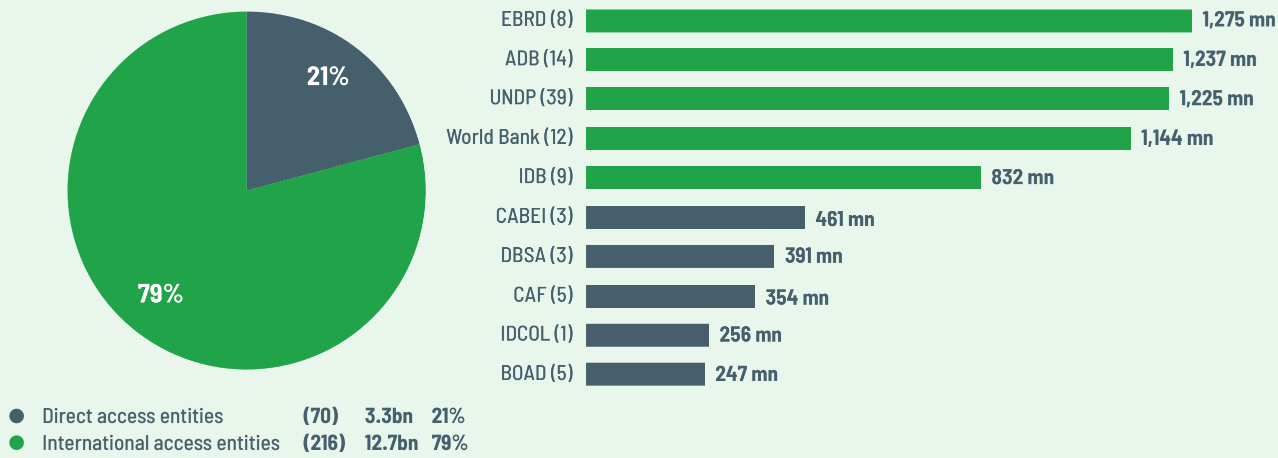
Accredited implementing entities of the Fund

Since the call for accreditation applications was opened in November 2014, the interest in partnering with the GCF has remained high. As of December 2024, there were 147 entities in the pipeline seeking accreditation, with 127 that had submitted applications under review, including 70 from direct access entities and 19 from the private sector. The GCF Board has approved the accreditation of applicant entities since its 9th Board meeting in March 2015 in 23 batches for a total of now 139 AEs[4] (with 89 or 64% direct access entities and 50 or 36% international access entities), although it did not consider accreditation proposals at its 11th, 16th, 19th, 20th, 28th, 30th, 32nd and 33rd meetings. Of those, 50 are international access entities (including 17 from the private sector) and 89 direct access entities (73 national and 16 regional, including 18 from the private sector). However, only 65 AEs (36 direct access and 29 international access entities) have so far programmed projects with the GCF. Over the past years, overcoming a worrisome legal backlog, significant strides have been made in having the AMAs of 122 of the now 139 AEs signed, with 110 becoming effective as the last legal step in fully operationalising their engagement with the GCF covering 79 first-time and 25 re-accredited entities (GCF, 2025a).

The current GCF accreditation process has sparked concerns with some stakeholders, including with respect to the length and complexity of the application process, its transparency and thoroughness, and the diversity and balance of the GCF's AE network. Independent third-party views on the track record of applicant entities are still not part of the Accreditation Panel review process and there is a lack of transparency of who is in the accreditation pipeline. While the number of direct access AEs continues to grow faster than international access ones (with an additional 103 DAEs in the accreditation pipeline), this does not (yet) translate into programming. Of the 286 approved projects and programmes at the end of 2024, three times as many (216) came from international access entities than from direct access entities with 70. Without additional efforts to prioritise the accreditation of national and regional institutions for financial intermediation and larger and higher risk project categories and the upgrade of current direct access AEs, the existing imbalance in who accesses GCF funding will continue. The latest round of 16 project and programme proposals approved at the Board's 40th meeting in October 2024 means that 79% of approved GCF funding in nominal terms (USD 12.7 billion) is channelled through international access entities, and only 21% (USD 3.3 billion) through direct access entities, a share that has barely grown over the past years. As just a few international entities capture a disproportionate share of GCF approved funding, this raises the issue of concentration risk.

At the end of 2024, the European Bank for Reconstruction and Development (EBRD) is the entity with the largest share of GCF approved funding with a total of USD 1.275 billion or 8.1% of the GCF funding portfolio for eight large-scale programmes and financing facilities. The Asian Development Bank (ADB) follows closely with USD 1.237 billion or 7.8% for 13 projects, programmes and financing facilities. The United Nations Development Programme (UNDP) is third with USD 1.225 billion or 7.7 %. It is also implementing by far the largest number of individual GCF projects and programmes at 39. The World Bank is next with 1.144 billion (7.2%) for 12 projects and programmes, and the Inter-American Development Bank (IDB) has 832 million (5.3%) for nine projects and programmes and rounds up the top five recipients. These five large international entities together received USD 5.7 billion (or 36%) and thus almost two fifths of all approved GCF funding as of January 2025. A similar concentration among a few recipients – although at decidedly lower levels – is also happening among direct access entities. The top five receive USD 1.709 billion for 16 projects, and thus with 10.9% of the approved GCF funding, the lion's share of 62% of approved funding flowing through direct access entities (Figure 3). The Secretariat, in its 2025-2027 multi-year work programme, laid out a multi-pronged direct access entity (DAE) strategy that will span both pre-accreditation and post-accreditation stages in order to bring more DAEs online and enable them to account for a greater share of projects and GCF funding. It foresees a programming goal for 2025 of up to 13 DAE projects and programmes for between USD 390 and USD 550 million, as well as a significant share of the expected 13 SAP projects for up to USD 195 million (GCF, 2024a, Annex V).

Figure 3: Total GCF funding by access modality of accredited entities, including top five recipients (in USD million), after the 40th GCF Board meeting



Source: GCF Open Data Library (accessed on 4 February 2025), https://data.greenclimate.fund/public/data/entities

Notes: Number of approved projects is given in parentheses against each entity. Abbreviations: ADB = Asian Development Bank; BOAD = Banque Ouest Africaine de Développement (West African Development Bank); CABEI = Central American Bank for Economic Integration; CAF = Corporación Andina de Fomento; DBSA = Development Bank of Southern Africa; EBRD = European Bank for Reconstruction and Development; IDB = Inter-American Development Bank; IDCOL = Infrastructure Development Company Limited; UNDP = United Nations Development Programme.

Monitoring and accountability

The GCF governing instrument foresees three separate accountability mechanisms, namely the IEU reporting to the Board, an Independent Integrity Unit (IIU) and an Independent Redress Mechanism (IRM).[5] In Songdo in June 2014, the Board decided on the terms of reference for all three mechanisms, specifying, for example, that the Independent Redress Mechanism will receive complaints by affected people related to Fund operations as well as recipient-country complaints about Board funding decisions. All three units had started their work in 2017, with the Independent Redress Mechanism gaining approval for a revised term of reference in 2017. In 2022, the terms of the heads of the IRM and the IIU, who had built up the units and their procedures, ended with the Board initiating a search process led by its Ethics and Audit Committee for their successors to be appointed by the Board at is 35th meeting in March 2023. The Board in October 2022 also appointed the new head of the IEU after a prolonged search process.

Since 2018, all three units have submitted ambitious yearly work programmes with growing budgets and staff. In 2019, the Board approved standards for the implementation of a policy on anti-money laundering and countering the financing of terrorism (AML/CFT), as well as policies drafted by the IIU on prohibited practices and protection against sexual exploitation, abuse and harassment (SEAH). A new policy on administrative remedies and exclusion for integrity violations committed by GCF partners developed by the IIU was also approved in 2021. While already operational for GCF personnel, some revisions to the SEAH policy's application to GCF implementing partners were only finalised in March 2021 by integrating SEAH policy requirements into a revised Environmental and Social Policy (ESP) approved. The Board also approved at its 22nd meeting guidelines and complaint procedures for the IRM, which in 2021 and 2022 received two new formal project-related complaints each, including one for a project in Nicaragua that is the GCF's first formal compliance case. The Board considered the Nicaragua grievance case in March 2023, formally closing the IRM review case, but mandating the Secretariat to address compliance issues with the AE, such as invigorated ESS and stakeholder engagement procedures. In March 2024, the Secretariat terminated the project after concluding that the AE did not address the issues sufficiently.

With the IEU producing on average four full scale evaluations per year, the Board given its reduced virtual engagement in 2021 fell further behind in fully considering several in-depth independent evaluations completed by the IEU in 2020 and 2021. This included those of country ownership, of the GCF's environmental and social safeguards, of the relevance and effectiveness of GCF investments in SIDS, and the GCF's approach to the private sector and to adaptation. Board reviews of two further IEU assessments on the GCF accreditation function and the rapid assessment of the GCF's request for proposal modality were also outstanding, although the assessment of the SAP was discussed and noted by the Board in October 2021. The IEU produced new evaluations on direct access and the effectiveness of GCF investments in SIDS and African states in 2022. The continued backlog in considering the IEU's output comes at the same time as a pushback by some developing-country Board members against the IEU's growing mandate, leading to the Board's review and update to the terms of reference for the IEU in 2021. The Board in 2022 addressed some of this backlog by taking note of several evaluation reports as a decision in-between meetings, although this of course limits the engagement and discussion within the Board on the IEU's findings. In 2021, the Board also tasked the IEU in preparation for the start of its replenishment discussions in mid-2022 with the second performance review (SPR) of the GCF's performance for the GCF-1 programming period. As part of this, the IEU released a synthesis report in March 2022, summarising key findings through evaluations and other processes during GCF-1, and a summary report in October 2022, presenting emerging findings and initial recommendations for the SPR, with the final report presented in March 2023 (IEU, 2023). It also shared its evaluation on the effectiveness of the GCF's direct access modality with the Board in March 2023. Further IEU work presented to the Board in 2024 included evaluations of the effectiveness of GCF investments in Latin American and Caribbean States (IEU, 2024a); of the GCF's approach to whistleblower and witness protection (IEU, 2024b); of the GCF approach to the energy sector (IEU, 2024c); and of its investment framework (IEU, 2024d). The IEU has to submit management action reports on possible follow up within a year.

The Board at its 40th Board meeting adopted three-year rolling work programmes and indicative budgets for each of its three accountability units for the 2025-2027 period, requesting the IEU for the first time to seek the endorsement of its planned activities, including intended evaluations, by the Board's Risk Management Committee as well as its Budget Committee. Both the IIU and the IRM also similarly have to seek such an endorsement from the Board's Ethics and Audit Committee. Part of the three-year budget and work plan of the IEU is the time plan and USD 1.2 million budget for the Third Performance Review of the GCF, ahead of its third replenishment efforts (GCF-3) to be kicked off in mid-2026, with some initial reports already to be delivered in 2025. All three units saw increased budgetary scrutiny in 2024, with the IEU especially also coming in for some criticism for the relevance and factual accuracy of some of its findings and asked to better delineate its role in monitoring, evaluation and learning from that of the Secretariat in order to avoid duplications of efforts and resources. Some observers are concerned that this could pave the way for weakening the independence and the functions of the three accountability mechanisms. At its 11th meeting, the Board also approved an initial monitoring and accountability (M&A) framework for GCF AEs, which is a key part of the broader M&A system of the GCF. It sets the incentives and remedial actions to ensure compliance by the AEs with GCF safeguards, standards and its policies on gender and Indigenous Peoples. The framework relies primarily on regular mandatory self-reporting by AEs on both annual project implementation progress through annual performance reports (APRs), most of which are publicly available (although only after considerable delay and for the private sector projects only in redacted form) as well as continued compliance with relevant GCF standards and policies with only spot checks by the Secretariat through annual self assessment reports and mid-term review reports. In 2024, the Secretariat and Accreditation Panel formally reviewed and analysed the required mid-term review reports submitted by 14 AEs that had reached the mid-term of their accreditation period, as well as the annual self-assessments of 48 AEs. However, the M&A framework also highlights an oversight role for NDAs and local stakeholders through participatory monitoring approaches for project implementation.

For the 40th Board meeting, the Secretariat submitted its seventh annual GCF portfolio performance report (APPR), aggregating the individual APRs submitted by the AEs for the 243 projects and programmes under implementation worth 9.3 billion in GCF investments with USD 3.2 billion in GCF funding dispersed by the end of 2023 and highlighting tangible results as many more projects and programmes are now advancing in maturity. At the end of 2023, GCF resources were channelled into 30 of the 77 accredited DAEs for the support of 57 approved projects and programmes, compared with 28 of the 46 IAEs which had 186 approved projects and programmes. The 2023 APPR stressed increased normalisation of activities post-pandemic and in line with the rapid growth in cumulative expenditures, as well as improvements and best practice compliance efforts with the mandates of GCF policies on gender and Indigenous Peoples, such as moving in project implementation from gender sensitivity to gender responsiveness (GCF, 2024g).

The M&A framework also importantly includes a provision to monitor the shift of the entire portfolio of AEs – not just the GCF-funded portion – away from fossil fuels as a condition for re-accreditation after five years. Further work on setting a baseline for the consideration of the AE portfolio had stalled in 2019, after a draft methodology submitted for the 21st Board meeting in October 2018 was not considered. Instead, the Accreditation Panel, together with the Secretariat, developed a light-touch version of a baseline indicator tool for a pilot phase that is now under implementation with a sample of 15 AEs. This methodology was applied for the first time to several AEs seeking re-accreditation in 2021 showcasing some of the utility, but also challenges in applying the approach. In particular, the re-accreditation of one DAE stalled in 2021 as some developed country Board members felt the entity had insufficiently demonstrated its compliance with this provision of the GCF re-accreditation process. This DAE was reaccredited in 2022 after strengthening its commitments. Throughout re-accreditation of several entities in 2022 and 2023, the Board struggled with the best way to safeguard and document a commitment by re-accredited AEs to the portfolio shift goal, using in several instances the existence of net-zero plans and policies as justification and evidence. The documentation of AE's portfolio shift was effectively suspended with the 2023 decision to suspend reaccreditation procedures for three-years. The suggested revision of the GF's accreditation framework, with includes a review and revision of the M&A framework to be completed in 2025, could in all likelihood do away with this portfolio shift provision, and thus an important feature for documenting the paradigm shift that the GCF funding is supposed to support.

Readiness and preparatory support

LDCs, SIDS and some developed countries on the GCF Board made a strong case for early support for 'readiness activities' that would build country capacity to access and programme GCF finance effectively. Germany and South Korea provided early resources for this purpose before the IRM. By September 2017, the Board approved a total of USD 80 million for readiness activities, of which 50% was slated to support vulnerable countries including SIDS, LDCs and African states. The Board approved an additional USD 50 million at its 18th meeting and a further USD 60 million at its 19th meeting to deal with the growing number of funding requests. In July 2019, at its 22nd meeting, the Board committed another USD 122.5 million for the GCF's Readiness and Preparatory Support Programme (RPSP). This was followed by the Board approving an additional USD 162.4 million at its 26th meeting in August 2020 for the 2020–2021 work programme of the RPSP, as well as an additional USD 166.94 million at its 33rd meeting in July 2022 for the 2022-2023 work programme of the RPSP, thus increasing the overall readiness financing approved by the Board to USD 641.8 million. For the period 2022–2023, the RPSP focussed support on addressing capacity and technical gaps for climate finance coordination, strategic frameworks for low-emission investment, strengthened adaptation planning and pipeline development, as well as continuing to assist developing countries in planning for a post-pandemic climate-resilient recovery.

Supporting national, sub-national and regional implementing entities and intermediaries to meet GCF accreditation standards has been identified as a priority of the programme. This is intended to ensure that these standards do not become a barrier to direct access to the GCF. The Fund also provides readiness support to strengthen the institutional capacities in recipient countries for country coordination and multi-stakeholder consultation mechanisms as needed, as well as to prepare country programmes and project pipelines. At its 13th meeting, the Board also revised the list of activities that it can support to include up to USD 3 million per country for the formulation of National Adaptation Plans (NAPs) and other adaptation planning processes. Since then, requests for NAPs support have steadily increased. At the national level, the NDA or focal point plays a lead role in deploying readiness and preparatory support funding, and the GCF is one of the few international funds to give NDAs direct access to funding for institutional activities and the development of country programmes. As part of the new RPSP strategy approved in October 2023 for the GCF-2 programming period, NAP support will not only target plan formulation, but also with an equal amount the transition to NAP implementation (GCF, 2023c).

As of January 2025, the GCF had approved 809 proposals from 142 countries, with readiness support worth USD 650 million, of which 44 new proposals worth USD 57.6 million were approved in 2024. By January 2025, 117 NAP support grants worth USD 264.6 million, which made up 41% of total approved funding, had been approved benefitting 105 countries, the majority for SIDS, LDCs and African states. Cumulatively, USD 418.3 million have been disbursed since the start of readiness support, with a total of 297 readiness grants closed as completed. This leaves 512 readiness grants under implementation for both non-NAP and NAP as of January 2025.

In 2016, the Board took first steps to simplify readiness grant agreements, including through framework agreements with readiness providers such as UNDP or *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ, German agency for international cooperation) which operate in many countries. It has now 159 readiness delivery partners, including NDAs, the majority from developing countries.

In 2018, the Fund's RPSP was reviewed extensively by the GCF's IEU, its first independent review (IEU, 2018b). The Board discussed the IEU's recommendations and made necessary adjustments in a revised readiness strategy for 2019–2021 that was adopted at its 22nd Board meeting. 'Readiness 2.0' allowed NDAs and focal points to request multi-year grants of up to USD 3 million for three years, replacing the previous one-year grants capped at USD 1 million. To better align the RPSP with the requirements and goals under the Updated Strategic Plan for the GCF-2 programming period (2024-2027), the Board at its 37th Board meeting approved a revised four-year RPSP strategy as well as USD 501.5 million for its execution and requested the Secretariat to develop detailed operational modalities and indicators for the strategy. As approved, the new strategy foresees four-year readiness budgets and support plans on the country level for up to USD 7 million, establishes a dedicated DAE window, shifts a much larger part of funding support into project and programme pipeline development and ramps up country-level technical support, among other priorities (GCF, 2023c). This is meant to address what many recipient countries view as overly restrictive time and spending limits under the old approach. The new strategy also foresees a new application process for readiness service providers to become part of a pre-approved pool of providers with at minimum three year contracts. In mid-2024, the Secretariat introduced a new placement scheme as part of the new readiness strategy to bolster local capacities by embedding GCF experts within host countries. By year's end it received 65 expressions of interest, almost half of them from African countries (GCF, 2025a).

Private sector operations

The GCF's outreach to, and engagement with, the private sector is seen as a key defining element of the Fund. Originally set up as a separate Private Sector Facility (PSF), the Fund has now sought to make private sector operations a cross-cutting aspect of all GCF operations, including in accreditation, portfolio development and management and with a special focus on enabling domestic private investment in low-carbon and climate-resilient approaches. As a result, as of January 2025, 37% of the portfolio's nominal value (USD 5.9 billion) had been allocated to the private sector for active 65 funded proposals, often large-scale programmes and financing facilities.

A 14-member Private Sector Advisory Group (PSAG) – composed of eight private sector representatives (four each from developed and developing countries) in addition to two civil society experts (one from developed and one from developing countries) and four Board members (two each from developed and developing countries) – was set up in 2014 in order to provide strategic guidance on GCF engagement with private sector actors. It operated until 2019, but has been defunct since then with no apparent plan to revive it. Working closely with the Secretariat as well as the Board Investment and Risk Management Committees, the PSAG over a period of five years elaborated broad principles as well as targeted recommendations to the Board for Fund-wide engagement options and opportunities with the private sector. This included, for example, recommendations on mobilising funding at scale or working with local entities, particularly MSMEs.

Following core recommendations by the PSAG, the Board approved a USD 200 million MSME pilot programme and a USD 500 million pilot programme for MFS at its 10th meeting in July 2015. The RfP for the MSME pilot, which opened in summer 2016, resulted in three approved MSME proposals, the last approved in 2019, and several in the pipeline. The RfP for MFS closed by September 2017 and netted 350 concept notes. Of these, 30 were shortlisted, with one approved by the Board at its 23rd meeting in July 2019, one initially submitted for and then withdrawn at its 24th meeting, and two more approved respectively at the 25th and the 27th Board meetings. In 2021, the IEU reviewed the use of both RfPs as well as the GCF's private sector approach (IEU, 2021c). The PSAA pilot approach, allowing interested entities one-off engagement with the GCF for implementing a project idea, is an effort to bring in more private sector actors as GCF implementing partners, especially from developing countries. The first private sector PSAA proposals will come to the Board in early 2025, with a first public sector PSAA proposal approved at the GCF's 40th meeting.

Earlier PSAG recommendations on private sector engagement in REDD+, adaptation and in the SIDS were also largely integrated in the update of the GCF's strategic plan for GCF-1 approved in November 2020. This update also incorporated recommendations from a new private sector strategy shared with the Board in 2019, such as a stronger focus on private equity investments and facilitating the partnership of private sector actors with the Fund through a PSAA instead of full-fledged accreditation. Following an evaluation of the GCF's private sector approach by its IEU in 2021, the Board at its 32nd meeting in Antigua and Barbuda in May 2022 reviewed the PSF modalities and the private sector strategy concerned that private sector programming goals elaborated in its strategic plan on catalysing private sector finance at scale, increasing direct access for private sector entities and focusing private sector funding increasingly on adaptation and in LDCs and SIDS were at risk of not being met. It adopted a new private sector strategy and outreach plan with a focus on supporting climate technology incubators and national and regional banking institutions in developing countries to engage with the domestic private sector, including MSMEs, as well as new modalities to scale up the use of guarantees and equity and explore other finance instruments such as insurance products, and reduce foreign exchange risks for private sector DAEs. This focus is anchored in the USP-2 for the GCF-2 programming period with a commitment to increase the share of funding allocated through the PSF compared to GCF-1, especially by supporting up to 1,500 local private sector early stage ventures and MSMEs with seed capital as well as supporting regional and national financial institutions with support to green finance, particularly for MSMEs (GCF, 2023a). In its first year of GCF-2 programming, the Board approved twelve private sector projects and programmes worth USD 1.116 billion or 44% of the USD 2.527 billion in funding approved in 2024 for 44 projects and programmes.

Gender

All GCF funding needs to take a gender-responsive approach, as elaborated in a gender policy and gender action plan for the Fund, approved at the 9th Board meeting in March 2015 (GCF, 2015). This has been under a mandated review, however, and efforts to significantly strengthen both – including by elaborating responsibilities of all GCF partners, clear priority actions and success indicators, as well as staff and budget requirements – stalled in 2018 and early 2019 due to strong objections from some developing-country Board members who felt that the policy added too much burden to recipient countries.

The logjam was finally broken with the adoption of an updated gender policy and gender action plan 2020–2023 at the Board's 24th meeting in November 2019, following assurances around strengthened technical assistance and readiness support for the implementation of the gender mandate, as well as weakened provisions (GCF, 2019b). The latter, for example, contextualises the implementation of the GCF gender mandate in national practices and cultural understandings, thus potentially weakening the universal principle of women's rights as unalienable human rights. The updated policy applies to all funding areas and funding decisions of the GCF and makes a gender and social assessment accompanied by a project-specific gender action plan mandatory for each funding proposal.

In addition to the GCF gender policy update, gender considerations are mainstreamed into key operational policies and guidelines such as results management and investment decisions, as well as in accreditation procedures and stakeholder engagement processes. However, additional improvements are needed. While the GCF is the first dedicated climate fund to have a gender mainstreaming approach in place at the beginning of its funding operations, it stands to lose this best practice leadership position without further efforts around gender integration. The GCF annual portfolio report for 2024 for projects and programmes under implementation notes that while technical compliance with its updated gender policy is high, and a shift from gender sensitivity to gender responsiveness is noticeable in stronger gender targets and a focus on more concrete activities on the ground, this does not automatically translate into action through implementation. The GCF Secretariat is particularly targeting engaging with implementing partners to improve and revise their submitted gender action plans as 'living documents' as needed by refining targets, activities and indicators and tracking sex-disaggregated data reiteratively (GCF, 2024g). Implementation of gender action plans depends also on the pace of implementation of other project activities, which requires dedicated gender expertise by the AEs. Many projects under implementation also still lack a sufficient focus on transformative actions that address gender-biased power relations, equal access to resources, and joint decision-making (see also CFF10 2025 on gender and climate finance for further details). Secretariat guidance and review, including through AEs' required reporting on gender implementation progress in their annual performance reports (APRs) must ensure that monitoring and reporting focuses on qualitative changes

(changes in attitudes, practices), and on enhancing women's skills as leaders and women's contributions to technical fields in various sectors.

Other gender provisions in the governing instrument, particularly the need for gender balance among the Secretariat staff have seen significant improvement over the years. At the end of 2024, women represented 51% of GCF staff from 83 countries, further increasing its gender and regional staff diversity, but as of January 2025 only 40% of the senior management team after the Secretariat's reorganisation. The 24-person GCF Board, which as of February 2025 included nine female Board members and four female alternate Board members, is after years of efforts now again inching further away from the GCF's explicit mandate with just 27% of female participation.[6] Gender balance, as well as sufficient gender expertise of its members, is also crucial for the various committees and expert advisory bodies, including for Board Committees, the ITAP and the Accreditation Panel.

Indigenous Peoples

After years of continued engagement and lobbying by Indigenous Peoples' groups, the Board, at its 15th meeting in Samoa in December 2016, requested the Secretariat to prepare a Fund-wide Indigenous Peoples policy for it to consider. Working with Indigenous Peoples' representatives as part of an internal coordination group, the Secretariat managed a public submission process in the summer of 2017, inviting broad stakeholder input into the development of such a policy. The GCF's Indigenous Peoples policy was approved at the 19th Board meeting, taking a strong rights-based approach by focusing on the self-determination of Indigenous Peoples and their right to free, prior and informed consent (FPIC) throughout the GCF project cycle (GCF, 2018). The Fund-wide policy is complemented by implementation guidelines developed by the Secretariat in 2019. A separate Indigenous Peoples Advisory Group (IPAG), originally expected to start its work already in 2020, has started its first term from January 2022 to December 2024 with four members and four alternate members self-selected by IP groups. At its first meeting in September 2022, the IPAG articulated its multi-year work plan with a focus on defining practical steps in implementing and monitoring the GCF's Indigenous Peoples policy, and preparing to provide any other guidance that the GCF Board may request, although a dedicated budget for IPAG activities has yet to be provided. Throughout 2023 and 2024, four more IPAG meetings focused on engaging with Secretariat with a focus on finding entry points for strengthening support for IP groups in the USP-2 and through the revised RPSP strategy for the 2024-2027 programming period and its implementation. With the IPAG's first term formally ended, early 2025 should see the selection and confirmation of IPAG members for the advisory group's continued work.

GCF relationship to the UNFCCC and the Conference of the Parties (COP)

The GCF is an operating entity of the UNFCCC's Financial Mechanism. It is to be "accountable to and function under the guidance of the COP" (UNFCCC, 2011: 17). The GCF Board sought to define the arrangements between the COP and the GCF with a decision in October 2013 that reaffirmed its full responsibility for funding decisions, which the Warsaw COP approved (UNFCCC, 2014). The Standing Committee on Finance (SCF), a complementary UNFCCC body aimed at taking stock and ensuring accountability in the global climate finance architecture, has also developed recommendations to this end. The GCF Board prepares an annual report on its programmes, policies and priorities and status of resources and responds to feedback and guidance received in reaction from the COP, with its 13th report to the COP submitted in October 2024. In addition, the COP has the authority to commission an independent assessment of the GCF to evaluate overall Fund performance, including that of its Board and the adequacy of its resources, in connection with periodic reviews of the UNFCCC financial mechanism. COP guidance can compel successful Board action. For example, in response to the fallout in the Board in 2021 regarding the application of a climate rationale to adaptation projects, especially the rigor of required data to be submitted to pass the technical evaluation by the ITAP, COP26 requested the Fund to clarify that the use of data and information from the Intergovernmental Panel on Climate Change (IPCC), and traditional, local and indigenous knowledge and practices in the assessment of concept notes, project preparation funding applications and funding proposals was acceptable. A new policy on climate rationale, adopted by the Board at its 33rd meeting in July 2022 provides that clarification.

In 2024, following guidance from COP28, the GCF worked on addressing policy gaps, such as updating its accreditation framework, proposing a partnership and access strategy, approving a REDD+ RBF mainstreaming approach and proposing a complementarity and coherence plan for better coordination among secretariats of multilateral climate funds. The Secretariat and Board responded to COP28 guidance on a number of issues, including pushing forward with efforts for regional presence and diversifying the GCF's financial instruments through a local currency financing pilot, as well as with attempts to strengthen monitoring and reporting of disbursements for, and impacts arising from, multi-country funded activities on a per country basis. Several COP28 mandates have yet to be addressed, such as expediting the development of a policy on programmatic approaches and expanding results-based finance approaches more broadly in GCF programming. COP28 guidance reiterated the previous push by COP25 and COP27 for the GCF to consider funding support for loss and damage in the context of its operational frameworks and policies, and as part of and in coordination with the broader loss and damage funding arrangements and relevant actors.

Stakeholder and observer input and participation

The GCF governing instrument anticipates extensive stakeholder participation in the design, development and implementation of the strategies and activities financed by the GCF. Stakeholders are broadly defined as "private-sector actors, civil society organisations, vulnerable groups, women and indigenous peoples" (GCF, 2019a: 17). These mandates are currently operationalised primarily in the context of arrangements for country ownership and programming for the Fund, and in accreditation criteria for implementing entities and intermediaries. GCF readiness support also facilitates the gender-responsive engagement of national and sub-national stakeholders in the GCF programming process, although the IEU review in 2018 highlighted how lacklustre this engagement currently is (IEU, 2018b). Following the 6th Board meeting in 2014, the Secretariat improved efforts to consult observers intersessionally via carefully managed requests for written input. However, the Secretariat still needs to elaborate stakeholder engagement guidelines to improve comprehensive outreach and involvement of stakeholders and observers in the GCF, as many engagements, such as the participation of non-governmental, non-AE stakeholders in for example regional dialogues or exchange with Secretariat staff, is ad hoc and not seen as a priority.

There is also a provision for stakeholders to observe the deliberations of the Fund, and for two active observers each from the private sector and civil society to provide input at Board meetings, although their formal inclusion in processes in-between meetings is insufficient. In 2016 the Board initiated a participatory review of observer participation in Board proceedings with the goal of addressing existing weaknesses, such as the lack of financial support for the participation of observers from developing-country civil society organisations (CSOs) or the lack of direct representation for Indigenous Peoples. This review stalled in 2018 but was started up again in 2019 with a new submission process for public inputs. While the review was scheduled to be finally considered in 2021 according to the Board's four-year work plan approved in 2020, the item was again indefinitely postponed, with no further action throughout the remaining GCF-1 period and in 2024. This leaves the role of observers, severely affected by reduced engagement options in virtual Board meetings during the Covid-19 pandemic, in a precarious situation as the GCF-2 programming period proceeds, as meaningful engagement takes time and financial support that many observers, in particular from developing countries and local communities, lack. Given the GCF's financial status and maturity, more robust financial support could be provided, also acknowledging that CSO and IP observers and stakeholders play an important role through their advocacy for the GCF's second replenishment efforts, and for monitoring of effective GCF portfolio implementation. The Secretariat has indicated its intention to update the outdated observer participation guidelines of the GCF in 2025.

Information disclosure and communication strategy

At its 12th meeting, the GCF Board approved a revised comprehensive Information Disclosure Policy (IDP), which operates under a 'presumption to disclose' (GCF, 2016). Board meeting documents are posted on the GCF website[7] at the same time they are sent to Board members, advisors and active observers. Under the disclosure policy, documents are supposed to be kept confidential only on an exceptional basis under special circumstances (a 'negative list approach'), although information related to any private sector engagement is considered as proprietary. The Fund's Information Disclosure Policy also allowed webcasting of Board meetings on a test basis, enabling stakeholders worldwide since the 13th Board meeting in 2016 to take advantage of this relatively low-cost way of increasing transparency and public awareness of the Fund's decision-making process. At its 18th meeting, the Board decided to continue webcasting until the end of 2019 and at its 24th meeting in 2019 webcasting was extended indefinitely. This has proved crucial for the deliberations of the Board during the pandemic 2020 to 2021, which have been conducted exclusively in a virtual setting. The review and update of the IDP is one of the outstanding policy issues that might be finally tackled in 2025.

The IDP also sets the time frame for the public disclosure of project-related environmental and social assessments at 120 days for the highest-risk projects (Cat. A) and 30 days prior disclosure for medium-risk projects (Cat. B), following global established practice. However, 2018 saw some challenges in the application of these requirements, triggering the first ever complaint filed by civil society under the Information Appeals Panel (IAP) of the GCF. A few further civil society challenges to require earlier and more detailed public information disclosure on proposals in the project pipelines as well as urging the release of select project compliance and mid-term evaluation reports tested the remit of the IDP. Since the 24th Board meeting, all relevant annexes of public funding proposals are made publicly available, although those of private sector proposals are not yet. Additionally, the past few years saw the disclosure of an increasing number of APRs, although some of them only in redacted form and with significant publication delays, for verification of progress in project implementation.

A detailed communication strategy for the Fund to set parameters for sharing information with the public is yet to be developed (despite being on the Board's workplan for several years). However, an external relations division in the Secretariat was established in 2018 and dedicated support staff added. External communication efforts are also aided by a continuously updated and expanded website for the Fund, which includes, for example, individual country pages and project implementation pages. Outreach activities intensified in 2019 in connection with the GCF's first replenishment process, but have suffered in 2020 and 2021 in light of the continued Covid-19 pandemic. They were ramped up for the GCF to marshal public support for its second replenishment efforts in 2022 and 2023 with a narrative focused on GCF achievements and climate results and its added value in the global climate finance landscape and in 2024 to tout changes and a new vision for the GCF under new leadership.

Outlook for 2025

The AE partner network and portfolio of approved projects and programmes continued to grow in 2024, with a sturdy pipeline of fundable projects and programmes ready for approval and demand exceeding funding availability. With the now confirmation that the US pledge of USD 3 billion for the second replenishment will not be fulfilled (Mathiesen, 2025), even if and when all other outstanding pledges will be quickly confirmed, it could become challenging to maintain, let alone increase the around USD 2.5 billion in approvals per year in 2024 throughout the remainder of the GCF-2 implementation period. For 2025, it will become even more important for the Fund to address a number of further revisions, updates and strategies for important policies and frameworks for improving access and facilitating project development from direct access and non-accredited partners in order to pursue ambitious goals under the USP-2. This will require a strengthened focus on improved monitoring, evaluation and learning of the impacts and concrete outcomes of a maturing portfolio that is dealing with ongoing risks caused by high inflationary pressures and fragility and conflicts affecting many of its implementation partners and recipient countries, especially as the Fund endeavors to expand its engagement with those particularly vulnerable and governance-challenged states. The Fund must also decide on and quickly implement its regional presence outside of Songdo to better engage with its partner network and a growing and maturing portfolio still facing significant implementation challenges.

As the GCF at the end of 2025 will reach the mid-point of its GCF-2 programming period, a number of other vital operational functions need to be revised and upgraded without further delays to be able to reach ambitious targets set under the USP-2. This includes in particular long overdue guidelines for a programmatic funding approach, especially when applied to multi-country programming and the strengthened articulation and accountability for country ownership that this requires; a clear restructuring of the Fund's accreditation and partnership approach; the safeguarding and strengthening of the independence of the Fund's accountability mechanisms and its technical expert bodies; as well as the updating and completion of an ESMS for the Fund through the development of the GCF's own environmental and social safeguards and the upgrade to and implementation of best practice information disclosure practices.

The Fund is continuing to also struggle with important administrative policies, in particular securing the privileges and immunities that will allow Fund staff and appointed personnel to operate in countries receiving GCF funding. With only two new agreements in 2024 signed for a total of now 32, these are still missing for more than 90 countries (GCF, 2025b). While it has upgraded its human resource and compensation policies in 2024 to attract and retain staff with first-grade expertise, staff recruitment and retention remains a priority, as the Secretariat seeks to expand the number of its staff to up to 340 by the end of 2025. This capacity expansion is needed to deal with the management issues of a growing funding portfolio under implementation and strengthening and expanding its network of implementing partners.

At the same time, a new three-year Board term starts in 2025. The new Board will inherit a legacy list of outstanding mandates for its consideration. With many outstanding policy issues quite contentious, it will have to continue to address its governance challenges and further improve Board decision-making, including by voting in the absence of consensus (over the past years more routinely applied for project approval, although currently not considered appropriate for the approval of far-reaching policy updates) and through decision-making between meetings (with 2022 guidelines currently under revision excluding project finance decisions with the exception of restructuring proposals to prevent undue delays in implementation). In October 2024, the Board adopted an update to its guidelines for the operation of Board committees and mandated the revision of the terms of reference of the specialised standing Board committees. In 2025, the GCF will need to carry through on its intention to improve the functionality, efficiency and effectiveness of these bodies to tackle and move forward many ongoing policy reviews and reforms with the needed competence and capacity before they can be submitted for full Board consideration.

In late 2024, Seyni Nafo (Mali) and Leif Holmberg (Sweden) were proposed by their respective Board constituencies to serve as their Co-chairs for 2025. They will need to work closely with the executive director of the Fund and a still-expanding and restructuring Secretariat to come up with a multi-year Board workplan for 2025–2027 for the remainder of GCF-2 that aligns with the USP-2 and midterm planning and is synchronised with the Secretariat's approved multi-year work programme and budget to ensure that the Board can take timely decision on key outstanding issues and reduce frequent policy changes to ensure more sustainability and predictability for all GCF stakeholders. This will also secure progress in implementing USP-2 milestones and targets in year two of its GCF-2 programming phase. Continuing to showcase the value addition of the Fund as the main multilateral financing mechanism under the UNFCCC for the implementation of the Paris Agreement will be politically important in the context of the COP29 decision taken on the new collective quantified finance goal (NCQG) to replace the USD 100 billion annual commitment post-2025, which pushed for efforts to triple outflows of the operating entities of the Financial Mechanism latest by 2030 from 2022 levels. This comes in light of the shortfall for GCF-2 of the USD 3 billion US pledge which will remain unfulfilled. In the wake of the NCQG decision, the role of a well-resourced and governed GCF with growing impact is more important than ever in providing developing countries with the financial assurance and technical assistance to support their low-emission and climate-resilient development ambitions. Only then will they feel encouraged to submit revised and more ambitious Nationally Determined Contributions (NDCs) as required in 2025, the implementation of which will be dependent on highly concessional additional financial support, as requested under the outcomes of the Paris Agreement's first Global Stocktake and in the NCQG decision (UNFCCC, 2024).

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Endnotes

1. Hela Cheikhrouhou, the first executive director of the Fund, who presided over the establishment of the Independent Secretariat and managed the IRM, stepped down in September 2016 after a three-year term. Howard Bamsey, whom the Board selected at the 15th Board Meeting in December 2016, arrived with considerable experience of the UNFCCC as the former chief climate negotiator for Australia, and briefly led the Global Green Growth Institute (GGGI), but had only a short 18-month tenure. The selection process for a new executive director in 2019 ran concurrent to the start of the first replenishment process and ended with the selection of Yannick Glemarec, who brought more than 30 years of experience in the UN system, having held executive positions as UN Assistant Secretary-General and with UN Women and UNDP, and started his GCF tenure with a successful replenishment.
2. REDD+ is reducing emissions from deforestation and forest degradation, plus the sustainable management of forests and the conservation and enhancement of forest carbon stocks.
3. Entities already accredited with the GEF, the Adaptation Fund and the development aid programme of the European Commission (EU DEVCO), as well as institutions with a track record of engaging with the private sector, can apply for fast-track accreditation, provided any identified gaps in adherence with GCF standards and safeguards are addressed.
4. Overall, the Board has approved the accreditation of 142 AEs, but the term of three AEs ended without their seeking reaccreditation (World Meteorological Organization, Kreditanstalt für Wiederaufbau, and China Clean Development Mechanism Fund Management Center).
5. Not to be confused with IRM, initial resource mobilisation.
6. As of February 2025, the GCF Board listed ten female members and three female alternates, but with one Board alternate member not yet nominated. When calculated as percentage of only the nominated Board members, the percentage of female GCF Board members increased only to 28%.
7. www.greenclimate.fund

The Climate Finance Fundamentals are based on Climate Funds Update data and up to 2021 also available in French and Spanish at **www.climatefundsupdate.org**

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