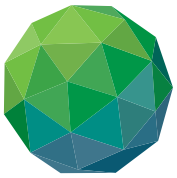


2021



GREEN
CLIMATE
FUND

ANNUAL RESULTS REPORT

Our mandate

The Green Climate Fund (GCF) – a critical element of the historic Paris Agreement – is the world's largest climate fund mandated to support low-emission, climate-resilient development pathways.

As an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC), GCF contributes to the goal of keeping an average global temperature rise well below two degrees Celsius.

The views expressed in this publication do not necessarily reflect the views and policies of the Green Climate Fund (GCF), including those of the GCF Board.

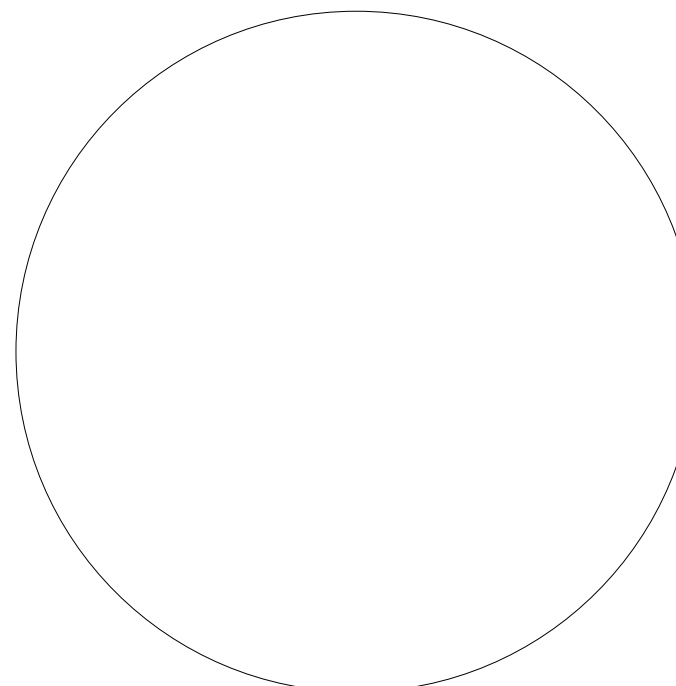
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2021



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We would like to thank all GCF staff across the Secretariat who provided and reviewed material for this report.

Our core values



Committed to climate action

We are committed to working together to make a difference on climate change, both through our funded activities and the sustainability of our operations.



Innovative

We strive to be leaders in the field of climate finance, take risks where we see opportunities to unlock impact, and constantly explore better ways to do things and build knowledge.



Responsive

We work in collaboration with all our stakeholders and each other, to understand what is needed, build and implement solutions, and communicate what is happening.



Respectful

We value strength in diversity, feel empowered to present a view and speak up when something is wrong, and treat each other with fairness and equity.



Trusted

We are trusted to serve the best interests of developing countries with the diligence expected by our contributors, and strive for the highest standards of integrity, accountability and transparency.

Raising ambition
Empowering action

Contents

- Letter from the Executive Director 4
- The year in review 6
- Our approach 14
- Delivering climate action 20
- Fostering a paradigm-shifting portfolio 28
- Strengthening country ownership 46
- Increasing access to GCF resources 50
- Implementing the portfolio 52
- Stories of real-life impact 56
- Roadmap to achieving our vision 62
- Financial highlights 66

Letter from the Executive Director



It was another year of uncertainty and upheaval for the world in 2021, but also a year in which the Green Climate Fund (GCF) continued to make huge strides forward, strengthening our support for climate action in developing countries.

The COVID-19 pandemic continued into its second year amid escalating concerns over the impacts of climate change. Several UN-backed reports, including the sixth report by the Intergovernmental Panel on Climate Change, and occurrences of extreme weather events around the world further increased the urgency for action, and raised expectations for the COP26 UN Climate Conference, the first since the pandemic began.

The economic fall-out from COVID-19 and the climate crisis have dealt a double blow for poorer and more vulnerable countries. In line with GCF's mandate to help developing countries in adaptation and mitigation measures to counter climate change, we have stepped up our support in assisting countries to make a climate-resilient recovery.

We accelerated our programming of new climate finance in developing countries. Nearly USD 3 billion was approved for 32 climate projects around the world in 2021 – an unprecedented level for the Fund, surpassing 2020's record outcome of USD 2.1 billion. By the end of 2021, our portfolio reached USD 10 billion in GCF resources, amounting to over USD 37 billion in co-financing and 190 projects in 127 countries.

There were also significant programmatic shifts to our portfolio with a range of novel, transformative projects and programmes that drive innovation and mobilise private-sector financing at-scale; prioritise direct access and local adaptation; and use ecosystem-based approaches to deliver benefits for climate, environment, and people.

Alongside these new projects, GCF also stepped up capacity-building support. Our grant-based Readiness and Preparatory Support Programme (Readiness

Programme) made 104 Readiness grants totalling USD 86 million, whilst our Project Preparation Facility (PPF) which provides funding for early-stage project development, awarded 11 PPF grants. GCF also increased support for direct access to national and regional organisations by providing more programming guidance and direct engagement.

More climate finance is being programmed, and thanks to operational improvements within the GCF Secretariat, the speed of delivery is also accelerating. Codifying, streamlining, automation, and digitisation have resulted in speeding up our funding process. The median time from Board approval to first disbursement has fallen from 19 months in 2018 to 10 months in 2021, with one project in the Federated States of Micronesia moving from approval to first disbursement in only 36 days, the fastest we have managed to date.

With a maturing portfolio, we have been strengthening our portfolio management capabilities. A proactive approach to adaptive management with our Accredited Entities (AEs) has helped to minimise the operational delays that were caused by the pandemic. We have strengthened our results management to ensure more rigorous results tracking and evaluation, and our risk management to proactively prevent and manage integrity breaches in projects such as corruption and abuse.

During the last year, GCF increased collaboration with other climate funds on several fronts to ensure activities are complementary and coherent in supporting the climate ambitions of developing countries, particularly in supporting their recovery from COVID-19. Of note was establishing a long-term vision with the Global Environment Facility (GEF) to identify areas of cooperation and unlock opportunities in mobilising climate finance, building upon our synergies and helping to ensure that environmental and climate action go hand-in-hand.

At the end of 2021 and at the midpoint of our first replenishment period, I am pleased to say that GCF is well on track to achieving the ambitions and objectives set out in our 2020–2023 strategy. The successes are in large part due to the tremendous commitment of our talented staff in the Secretariat. In order to ensure we have the capacity to manage our growing portfolio, GCF will increase staff capacity in 2022 and 2023 so that we can continue supporting developing countries as they take urgent climate action whilst moving towards a green, resilient recovery.

These are just a few of the highlights of 2021. This Annual Results Report provides a more detailed account of our progress, milestones, and events in the last year, and I hope that you find it informative.

I am proud to say that, as the world's largest dedicated climate fund, GCF is in a stronger position than ever to fulfill our mandate of promoting a paradigm shift towards low emission and climate-resilient development pathways, and supporting developing countries to raise and realise their climate ambitions in line with the objectives of the Paris Agreement and the UNFCCC.

Yannick Glemarec
GCF Executive Director

A handwritten signature in black ink, appearing to read "Yannick Glemarec". The signature is stylized and written over a white background.

The year in review

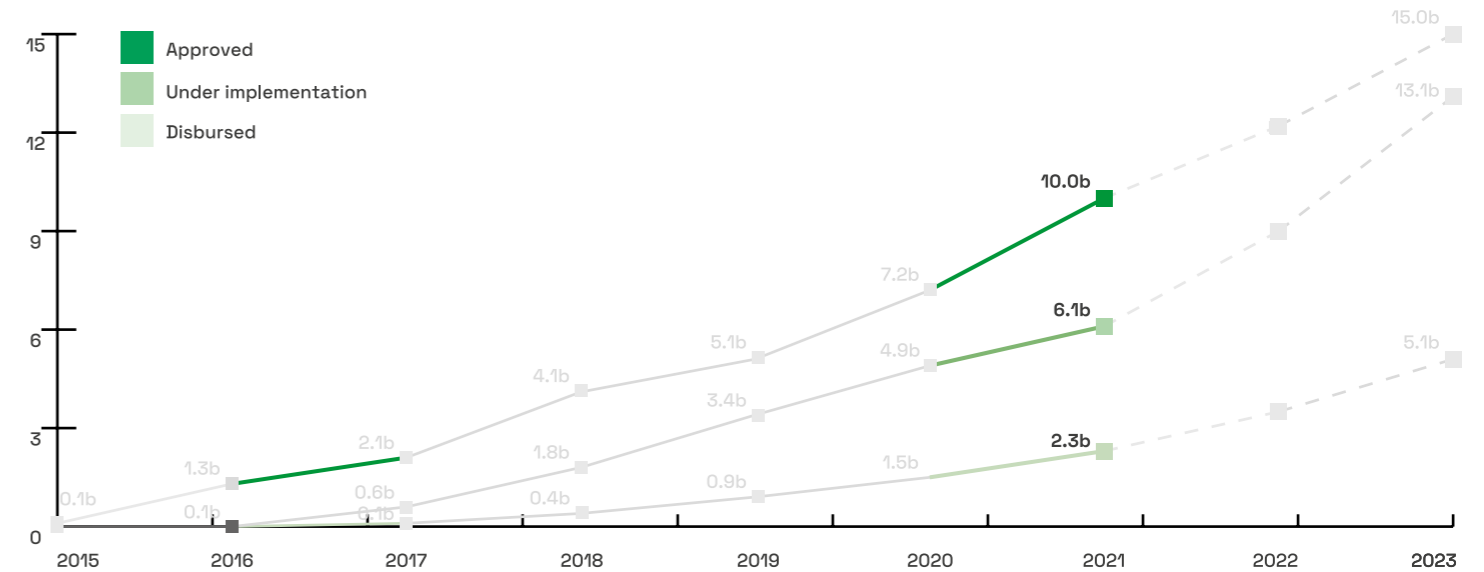
Promoting low emission, climate-resilient recovery and maintaining climate ambitions during the pandemic

Despite the challenges posed by the pandemic, GCF continued to accelerate its support to developing countries in responding to the climate crisis, with a particular focus on helping countries make a climate-resilient recovery from the COVID-19 economic fall-out.

Revisit some of the key GCF milestones and moments in 2021.

Key milestones

New ground broken in programming



In 2021, the Board approved nearly USD 3 billion in GCF funding for new climate projects. By 2023, the portfolio is expected to reach USD 15 billion.

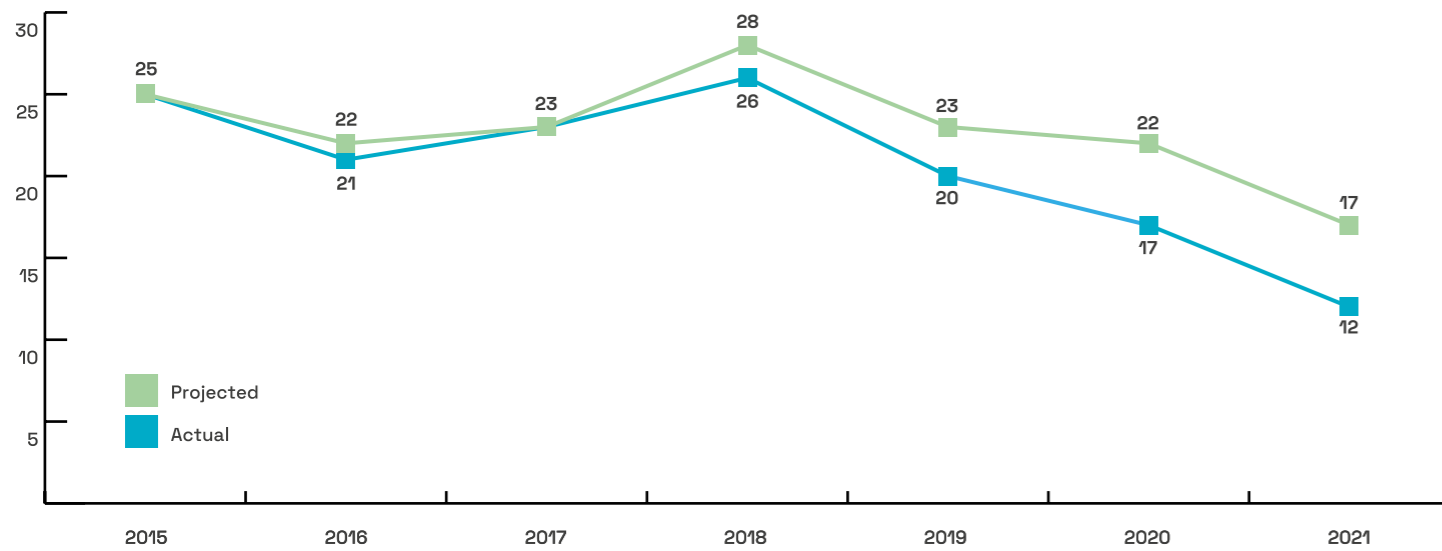
It was an exceptional year for programming. Nearly USD 3 billion in GCF resources were approved for 32 climate projects around the world — surpassing targets for the year and exceeding 2020 outcomes, also a banner year for GCF with USD 2.1 billion in climate financing approved. Over the past two years, GCF has doubled the size of its portfolio and tripled the number of projects under implementation.

The year also saw a tranche of diverse projects with unique, novel approaches and a programmatic shift to direct access, adaptation, and private sector mobilisation. Among the 32 projects approved were transformational crosscutting programmes that integrate mitigation, adaptation, and development; projects that promote climate innovation and new technologies; and projects that catalyse private

sector investment. Examples of bold new projects include the Amazon Bioeconomy Fund and the Global Fund for Coral Reefs Investment Window, which will use ecosystem-based approaches and catalyse private sector climate finance at scale.

At the end of 2021, the GCF portfolio stands at a record USD 10 billion.

Stronger operations to deliver more climate finance



GCF is delivering finance more quickly. Median times from funding proposal review to disbursement have decreased over the past few years.

To increase the speed of funds flowing to developing countries and to mitigate the impact of the COVID-19 pandemic upon its portfolio, GCF continued to improve its operational efficiency.

Efficiency gains were seen in the funding cycle process. The median time from project review to first disbursement fell from 20 months in 2019 to 12 months in 2021, indicating that projects are more rapidly realised. The year also

saw a project — an adaptation project in Micronesia — move from approval to disbursement in only 36 days, the fastest-ever reported. The gains are reflected in the GCF portfolio with projects under implementation reaching USD 6.7 billion in 2021 and disbursements reaching USD 2.3 billion in 2021, an increase of 53 per cent since the end of 2020.

The efficiency gains were made possible due to

codification, streamlining, automation, and digitisation of business processes as part of the Fund's digital transformation. Besides increasing efficiency and transparency, digitisation makes it easier for partners to access and apply for GCF funding. In early 2021, the development of the Digital Accreditation Platform (DAP), which allows AEs to apply for accreditation and submit reports online, began and will be launched in 2022.

Strengthening climate action partnerships



GCF Executive Director Yannick Glemarec during a COP26 high-level panel discussion on accelerating the implementation of the Great Green Wall initiative.

GCF works with a network of partners around the world to advance its work and achieve its vision. AEs are vital as they enable country access to GCF resources and are responsible for project implementation. Last year saw GCF growing its network with 18 new AEs — 15 of which are Direct Access Entities (DAE) — and diversifying its network by adding more national development banks, and private commercial, trade, and infrastructure banks.

Partnerships with DAEs were in the spotlight as their engagement can strengthen country ownership of programming and deliver climate

finance close to the ground. Initiatives were taken to further assist DAEs such as an action plan for more integrated programming support through GCF's Readiness Programme and PPF, and more training and onboarding for DAEs. By the end of 2021, there were 71 accredited DAEs (63 per cent of the total AE portfolio) with 58 countries having at least one DAE (national or regional). There was also an increase in the share of DAE programming (represents 17 per cent of 2021 programming in grant-equivalent terms).

Partnerships with the private sector were also highlighted

as their mobilisation promote wider financial flows towards low emission and climate-resilient development pathways. In 2021, the Private Sector Facility (PSF) portfolio grew by USD 783 million and six new projects, bringing private sector programming to USD 3.4 billion out of the total portfolio of USD 10 billion. The new projects leverage GCF's risk-taking and diverse financial instruments to mobilise private investment at-scale and build new markets for climate action in vulnerable countries.

Creating synergies with other climate financing mechanisms



An irrigation design engineer works with a project manager at the Kbal Touk irrigation canal for a GCF-supported project that increases the climate resilience of Cambodia's agricultural value chain.



[1]

GCF is committed to ensuring that its activities are complementary and coherent with those of other funds in supporting the climate ambitions of developing countries. In 2021, it cemented an alliance with the GEF, the "Long-Term Vision on Complementarity, Coherence, and Collaboration between GEF and GCF".

^[1] Based on a shared vision and realisation of synergies

and complementarities between the two funds, this partnership will identify areas of cooperation to support developing country climate ambitions, and to unlock new opportunities in mobilising climate finance and syndicating and building coalitions.

In addition, GCF, with GEF, Adaptation Fund, Climate Investment Fund (CIF), Least

Developed Countries Fund (LDCF) and Special Climate Change Fund, released public statements on the support climate funds are providing to developing countries^[2] and on supporting their economic recovery from COVID-19.^[3]

Key moments

25-26 JAN

CLIMATE ADAPTATION SUMMIT

GCF affirmed its support for adaptation in response to UN Secretary General António Guterres calling for an increase in global adaptation financing. GCF also presented initiatives in making blended finance work for such as its work with the Coalition for Climate Resilient Investment to develop new valuation methodologies for climate-resilient infrastructure and its support to the Global Sub-national Climate Equity Fund, which finances adaptation and mitigation sub-national, middle-scale infrastructure projects.

1-5 MAR

GCF CARIBBEAN REGIONAL DIALOGUE

GCF hosted the Caribbean Regional Dialogue, which featured the attendance of Barbados Prime Minister Mia Mottley and Belize Prime Minister John Briceno. The virtual event was a chance for GCF to better understand the climate finance needs and priorities of Small Island Developing States (SIDS) and to help guide its assistance to SIDS in the region.

GCF had various developing country engagements that included hosting regional DAE workshops in Asia and Africa in late 2021, and meetings with Permanent UN Representatives from the Alliance of Overseas Small Island States (AOSIS) and the Least Developed Countries Group.

22-23 APR

2021 LEADERS' SUMMIT ON CLIMATE

GCF organised a virtual roundtable event on 20 April in the margins of the US Leaders' Summit on Climate, which highlighted the role of GCF in supporting partners to catalyse innovation and leverage blended finance mechanisms to accelerate the transition to low-emission, climate-resilient pathways. The roundtable included a statement from U.S. Special Presidential Envoy for Climate John Kerry who described GCF as an 'indispensable player' for its role in funding climate action.



Finance provided on terms below market makes it possible to de-risk new technologies to boost private investment, to pioneer new approaches, pilot new ideas, demonstrate new concepts, and help build up the resilience of the poorest communities. This is obviously where the Green Climate Fund is an indispensable player

John Kerry
U.S. Special Presidential Envoy for Climate

30-31 MAY

2021 P4G SUMMIT

P4G or the 'Partnering for Green Growth and the Global Goals 2030' is a global initiative that aims to utilise public-private partnerships to achieve the UN Sustainable Development Goals and the Paris Agreement. The Republic of Korea (ROK) hosted the annual summit designed to help lay the groundwork for COP26. GCF was present at several events and co-hosted with the ROK's Ministry of Economy and Finance the 'Green New Deal: Clean Transition to Green Economy' to call for a climate-resilient recovery and increased climate ambitions.

GCF released a new report, **Scaling up climate finance in the context of COVID-19**^[1] that looks at aligning finance with sustainable development in order to achieve the Paris Agreement goals and economic recovery from the global pandemic.



28 JUN-1 JUL

29TH MEETING OF THE GCF BOARD (B29)

The Integrated Results Management Framework (IRMF) and results tracking tool, which will help GCF better track and manage results from its portfolio, were adopted at the virtual Board meeting. This was one of three virtual Board meetings in 2021 with the others held in March and October. Collectively, the Board approved nearly USD 3 billion of GCF resources for 32 new climate projects for the year.

18-19 OCT

GCF'S 4TH PRIVATE INVESTMENT FOR CLIMATE CONFERENCE (GPIC)

In its fourth year, this annual conference aims to remove barriers that impede the flow of at-scale private climate finance towards investment opportunities in developing countries, particularly Least Developed Countries (LDCs) and SIDS.

The virtual two-day event featured 45 speakers in eight sessions and over 1,500 participants from more than 100 countries. Costa Rica President Carlos Alvarado Quesada, Gabon President Ali Bongo Ondimba, Acumen founder and CEO Jacqueline Novogratz, and Convergence CEO Joan M. Larrea were among the speakers. As a leadup to COP26, GPIC had discussions on the role of GCF's PSF and on private sector investment in adaptation, ecosystem-based solutions, and innovative technologies.



HIGH-LEVEL MEETINGS IN THE LEAD UP TO COP26

In preparation for COP26, GCF Executive Director Yannick Glemarec engaged in a series of high-level meetings on the sidelines of the 76th UNGA in New York, including bilaterals with Senegal President Macky Sall, UN Secretary General Antonio Guterres, and COP26 President Alok Sharma. A mission to Barbados for a meeting with Prime Minister Mia Mottley and a dialogue with CARICOM leaders subsequently took place.



3-11 SEP

IUCN WORLD CONSERVATION CONGRESS

GCF participated at the International Union for Conservation of Nature's (IUCN) 2021 World Conservation Congress, the world's largest conservation event. Notably, it was where GCF and GEF shared their roadmap for long-term complementarity to mobilise finance for climate action and nature protection. A new partnership between the two organisations would be operationalised and announced at COP26.



Photo by IISD/ENB

31 OCT-12 NOV

COP26 UN CLIMATE CONFERENCE

The first COP in two years was held in Glasgow, Scotland to which GCF deployed a relatively small delegation to minimise COVID-19 risks. COP represented a key moment for GCF to report on its progress to Parties and stakeholders and to meet partners.

More than 180 bilateral meetings were held by the GCF delegation, and 42 events and over 150 speakers were featured at the joint GCF-GEF pavilion during COP. Events were livestreamed on the GCF COP website (gcfatcop.com).

GCF announced several initiatives such as its partnership with GEF, 'The Long-Term Vision on Complementarity, Coherence, and Collaboration between GEF and GCF,' the launch of the 'Climate Science Information for Climate Action' tool with the World Meteorological Organization, the launch of the ASEAN Catalytic Green Finance Facility, and the signing of a funding agreement for the Africa Integrated Climate Risk Management Programme, which builds on the Great Green Wall Initiative.

GCF released a working paper, **Accelerating and scaling up climate innovation: How the Green Climate Fund's approach can deliver new climate solutions for developing countries**.^[2]

With a foreword by Barbados Prime Minister Mia Mottley, the paper identifies the barriers to climate innovation in developing countries and how GCF's approach overcome these barriers.



Our approach

GCF has a number of unique features that allow it to be the main global fund for climate finance. By financing transformative climate solutions, GCF can help developing countries adapt to the effects of climate change and contribute to reducing greenhouse gas emissions.



COUNTRY-DRIVEN

A core GCF principle is to let developing countries lead programming and implementation. Country ownership of GCF financing decisions enables developing countries to turn their Nationally Determined Contribution (NDC) ambitions into climate action. Underpinning this is GCF's Readiness Programme, available to all developing countries, which helps them strengthen their institutional capacities, governance mechanisms, and planning and programming frameworks towards a transformational climate action agenda.



OPEN, PARTNERSHIP ORGANIZATION

GCF operates through a network of over 200 AEs and delivery partners who work directly with developing countries for project design and implementation. Partners include international and national commercial banks; multilateral, regional, and national development finance institutions; equity fund institutions; United Nations agencies; and civil society organisations (CSOs). This open partnership enables GCF to foster unprecedented coalitions among private investors, development agencies and CSOs for transformative change and harmonisation of standards and practices.



FLEXIBLE RANGE OF FINANCING INSTRUMENTS

GCF can structure its financial support to developing countries through a flexible combination of grant, concessional debt, guarantees, or equity instruments to leverage blended finance and crowd-in private investment for climate action in developing countries. This flexibility enables the Fund to pilot new financial structures to support green market creation.



BALANCED ALLOCATION TO ENSURE ADAPTATION FINANCE

GCF is mandated to invest 50 per cent of its resources into mitigation and 50 per cent into adaptation in grant-equivalent terms. Two-thirds of those adaptation resources (66 per cent) are invested in the most climate-vulnerable countries — SIDS, LDCs, and African States. GCF's programming strategy recognises that both mitigation and adaptation efforts must be scaled up. GCF aims to leverage synergies and minimise potential trade-offs between adaptation and mitigation.



RISK-TAKING, PATIENT CAPITAL

GCF supports early-stage project development and policy, institutional, technological and financial innovations, which catalyses climate finance and enables GCF partners to raise their climate action ambition. GCF can accept higher risk by leveraging the risk management capacity of its partners and of its own set of investment frameworks, risk and results management frameworks. This capacity to take risk is backed up by a robust second-level due diligence system.



STRONG SAFEGUARDS

To ensure positive impacts for the environment and society, GCF has strong environmental and social standards, a comprehensive gender policy to mainstream gender considerations, and a groundbreaking Indigenous Peoples Policy. GCF also has [systems and frameworks^{\[1\]}](#) in place to pre-empt and manage project risks such as corruption and other integrity violations. These are embedded throughout GCF processes from accreditation to the project cycle in order to identify early warning signals, and assess and manage risks. GCF's Independent Integrity Unit (IIU) is another safeguard that works to proactively integrity violations.



Our Results Areas

GCF seeks to make an impact in eight results areas. These results areas have been targeted because of their potential to deliver a substantial impact on mitigation and adaptation.



Health, food, and water security

GCF drives agri-food and water systems transformation in developing countries to enhance farmers' resilience and secure development gains. By promoting climate-smart agriculture, facilitating delivery of climate information and risks, and reconfiguring food systems, GCF ensures environmental, health, and socio-economic benefits in the agri-food sector.



Livelihoods of people and communities

GCF supports sustainable and resilient projects that protect lives and livelihoods of people and communities in developing countries. This is done by mainstreaming climate risks in national policies, expanding access to insurance, enhancing social protection programmes, and accelerating the sustainable transformation of markets.



Infrastructure and built environment

GCF promotes holistic approaches in scaling up green infrastructures. From climate-proofing assets to building the capacities of local institutions and communities, GCF pushes forth cross-cutting solutions to avoid maladaptation and to preserve natural resources and biodiversity, while providing social and economic co-benefits.



Ecosystems and ecosystem services

GCF scales up investment in ecosystems by supporting far-reaching measures that protect, restore, and manage ecosystems to enhance adaptation and reduce emissions. To usher in a paradigm shift in the environment sector, GCF boosts ecosystem-based management of terrestrial, freshwater, coastal, and marine ecosystems.



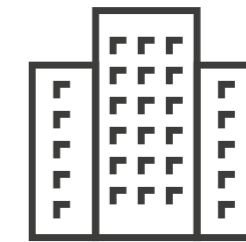
Energy generation and access

GCF removes barriers to transitioning to a low-emissions energy sector in a way that promotes sustainable development and climate resilience. Under this transition, GCF invests and accelerates the adoption of renewable sources and the development of efficient energy value chains – enhancing clean energy access to end-users.



Transport

GCF finds niche and novel approaches to support climate mitigation initiatives in the transport sector. Working with the public and private sectors, GCF develops mitigation actions that enable low- and zero-emission systems that promote new technologies, modal shifts, and sustainable transport infrastructures.



Buildings, cities, industries, and appliances

GCF mobilises large-scale financing and programmes that reduce emissions from buildings, cities, industries, and appliances. This includes support to infrastructure planning and de-risking pilot innovations and investments that strengthen policy, pricing, standards, and other incentives for energy and construction efficiency.



Forests and land use

GCF fosters programmes that conserves and preserves forests and promotes sustainable use of land resources. In close coordination with country partners, GCF assists in the protection, restoration, and management of landscapes, while maintaining economic productivity and incorporating indigenous leadership and knowledge.

Accelerating investment and innovation for climate action

How GCF drives the paradigm shift to a low-emission, climate-resilient pathway

Innovation can put us on a net-zero carbon, climate-resilient pathway. Innovation is key to achieving the Paris Agreement goal of limiting global warming to 1.5°C. But reaching this pathway will require significant innovations in policy, culture, institutions, sciences, technology, management, and finance. And they are most needed in developing countries to help them avoid the high-carbon development pathway of the past and protect their populations from the worst impacts of climate change.

While innovations are being developed around the world, developing countries are often not able to take part due to barriers to investment in climate innovation. These are barriers that GCF is determined to help developing countries overcome so they can realise their climate ambitions. GCF does this through a unique approach based on four complementary pathways. These four pathways form the strategic foundation of GCF's work, informing its programming and operations.

1. ESTABLISH ENABLING ENVIRONMENT FOR NOVEL CLIMATE SOLUTIONS

Sustainable finance policies and regulations are needed to foster climate investment and innovation. GCF helps countries establish a conducive environment for climate investment in several ways. To create conditions for attractive domestic and foreign investments, it provides grant-based technical assistance to support policymakers to identify and implement the right mix of public policy instruments. GCF also provides support for crafting green COVID-19 recovery plans.

In response to the COVID-19 economic shock, GCF leveraged its Readiness Programme to assist developing countries in designing green, climate-resilient economic stimulus measures and exploring innovative financing instruments to finance them without increasing their debt burden. In 2021, GCF approved over USD 6.7 million in Readiness grants to support countries to design climate-resilient COVID-19 measures.

2. CATALYSE INNOVATION

GCF catalyses innovation by facilitating the emergence of new climate technologies and business models in various ways. GCF supports climate entrepreneurs in developing countries to validate new climate solutions in the market. It is an anchor investor and provider of patient capital for the development of keystone climate technologies; acts as a market incubator, strengthening entrepreneurial and innovation ecosystems; and develops financing instruments to address the dearth of early-growth finance for business ventures in developing markets.

GCF is catalysing climate innovation through several projects around the world. In Africa, the KawiSafi Ventures Fund, established with the US impact investment fund Acumen, leverages private equity to support small- and medium-sized enterprises in off-grid renewable energy. In East Asia, GCF is working with the Korean Development Bank and the Global Green Growth Institute (GGGI) to develop an integrated approach to create an early-stage equity capital fund that will support start-up climate

entrepreneurs. In Latin America, the new Amazon Bioeconomy Fund will support new bio-businesses across six countries to reduce emissions and enhance climate resilience.

3. DE-RISK AND MOBILISE FINANCE AT-SCALE

GCF mobilises finance by de-risking market-creating projects by providing concessional financing or co-financing. In doing so, it establishes a commercial track record and crowds-in private finance. For instance, GCF can serve as an anchor investor or provide a first-loss equity position in a private equity fund to de-risk the investment for more risk-averse but larger co-financiers such as institutional investors.

GCF's investments are unlocking private capital. The Subnational Climate Fund Global (FP152: SnCF Global), managed by the project partner, Pegasus Capital Advisors, leverages USD 150 million in first-loss equity investment from GCF to mobilise USD 600 million of senior private equity for mitigation and adaptation solutions at the sub-national level (provinces, municipalities) in 42 developing countries. A multiple of this amount is expected to be catalysed in entrepreneur equity and debt finance. GCF anchor funding and first-loss equity coverage will unlock both public investors and private institutional investors.

Approved by the GCF Board in 2021, the Global Fund for Coral Reefs (FP180) is a USD 500 million blended finance vehicle with USD 125 million from GCF that will leverage up to USD 3 billion in private investment for coral

reef conservation and restoration in developing countries. This programme will offer critical risk equity capital, debt swap schemes, and grant funding to deliver exciting and impactful coral reef projects.

4. STRENGTHEN NATIONAL FINANCIAL INSTITUTIONS TO DRIVE ADOPTION OF NOVEL CLIMATE SOLUTIONS

Finally, GCF helps align finance with sustainable development. It raises awareness of financial decision-makers about the materiality of climate change and supports climate-related risk assessment and disclosure; enhances the capacity of domestic financial institutions to originate and appraise climate investments through the establishment of dedicated climate facilities; and finances the widespread adoption of new climate solutions by providing dedicated credit lines to local partner financial institutions and strengthening the capacity of financial institutions to access domestic and international markets.

Due to private sector perceptions in Africa, Latin America and the Caribbean that sustainable energy and climate resilience are expensive and complex, the Transforming Financial Systems for Climate (FP095) demonstrates the benefits of financing those areas to scale up finance and redirect financial flows to climate projects in 17 countries of the two regions. The programme provides technical assistance and loans through local partner financial institutions for small- and medium-sized businesses in sectors such as sustainable energy, housing, and agriculture.

To assist Mongolia's mitigation efforts, GCF, with the Government of Mongolia and the Mongolia Sustainable Finance Association, has been supporting the establishment and operationalisation of the Mongolia Green Finance Corporation. This green finance institution will scale up and accelerate investment into green energy and energy efficiency projects and work with the

domestic financial services sector to build capability in green finance.

GCF has been supporting the Government of Jamaica to establish the first Caribbean exchange for green bonds, enabling it to float green bonds through a dedicated facility to finance climate-resilient infrastructure in the Caribbean region. This kind of support could set up a game-changer for national development banks and for international efforts to scale up climate change.



...we must ensure that innovation benefits all around the world – (...) this will not happen automatically. We know that delivering the change we need will require partnerships from public and private sectors, as well as long-term partnership between developing countries and GCF. But we must also ensure that partnership means giving voice to our people and to our communities.

Mia Mottley
Prime Minister of Barbados

**Delivering
climate action**

32 projects

USD 2.9b in 2021

GCF in figures

Geographic distribution of GCF projects

FIGURES AS OF 31 DECEMBER 2021

- Project & Readiness
- Readiness only
- Project only

LATIN AMERICA & THE CARIBBEAN

AFRICA

EASTERN EUROPE & CENTRAL ASIA

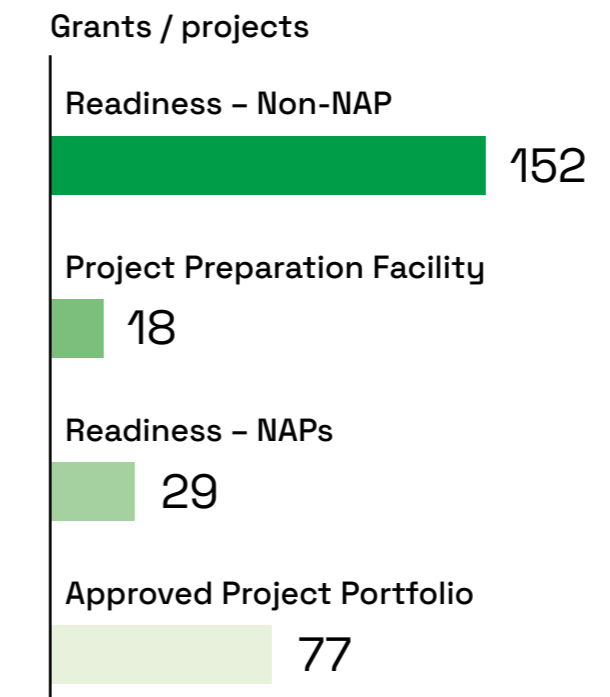
ASIA PACIFIC

	LATIN AMERICA & THE CARIBBEAN	AFRICA	EASTERN EUROPE & CENTRAL ASIA	ASIA PACIFIC
Readiness - National Adaptation Plans (NAPs)	USD 40.26 million	USD 66.56 million	USD 18.45 million	USD 49.83 million
Readiness - Non-NAP	USD 75.81 million	USD 60.73 million	USD 6.48 million	USD 72.79 million
Project Preparation Facility	USD 8.83 million	USD 12.66 million	-	USD 8.43 million
Approved Project Portfolio	USD 2,470.0 million	USD 3,660.0 million	USD 402.89 million	USD 3,480.0 million

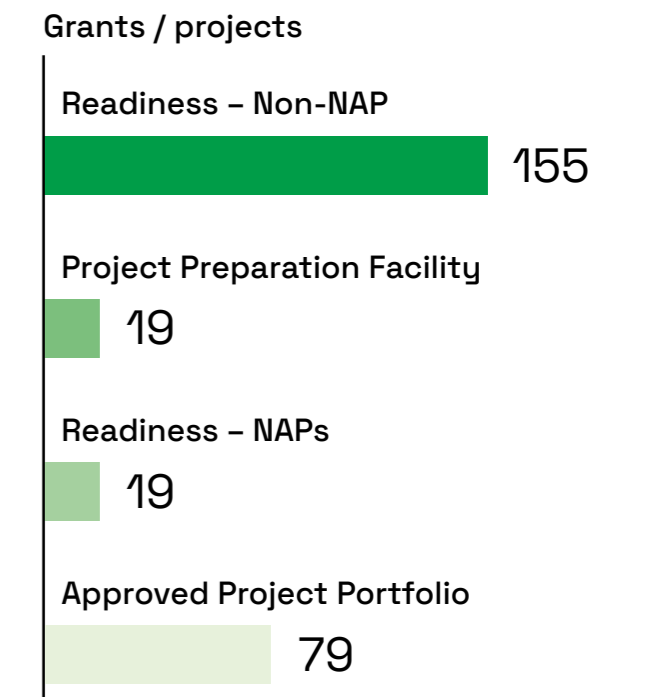
The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by GCF.

GCF-funded activities by region*

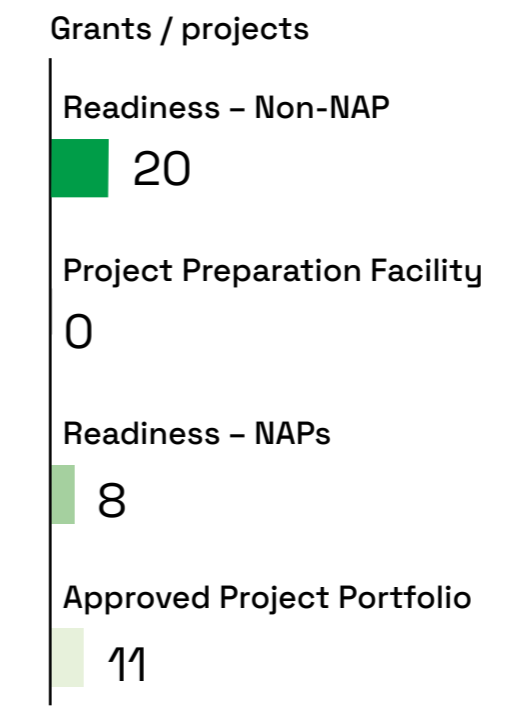
AFRICA



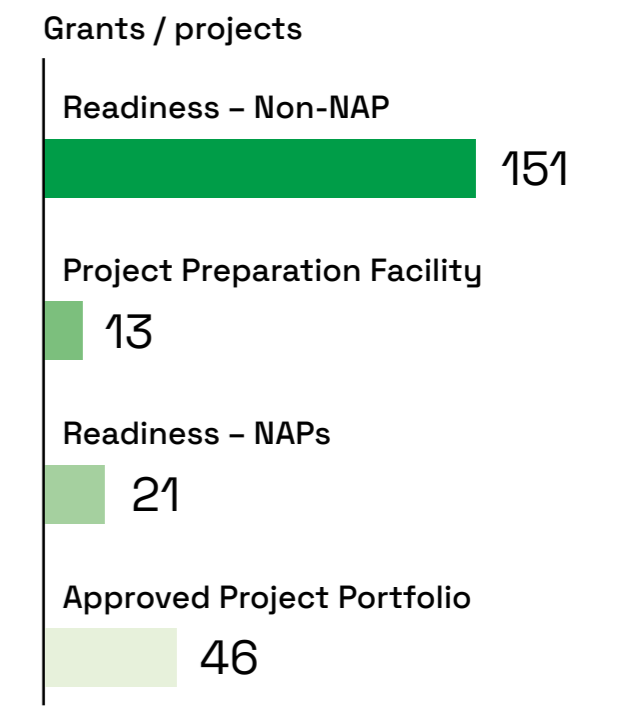
ASIA PACIFIC



EASTERN EUROPE & CENTRAL ASIA



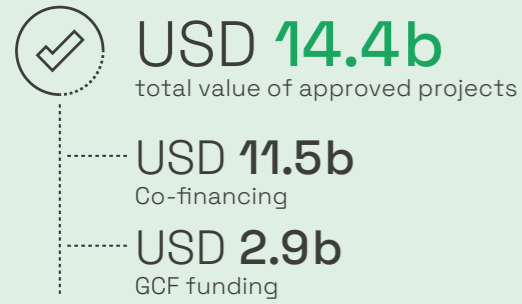
LATIN AMERICA & THE CARIBBEAN



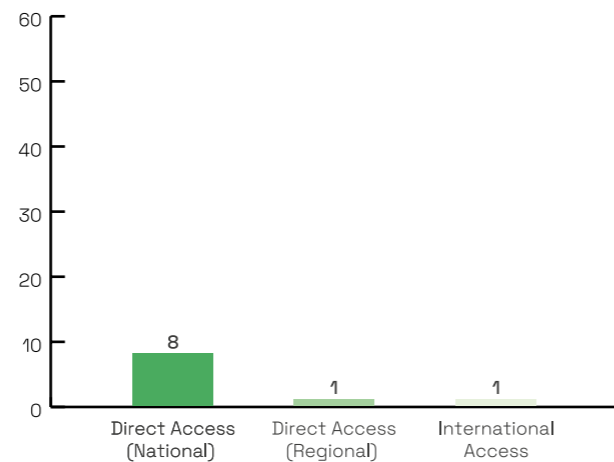
*Many of the approved projects and programmes in GCF's portfolio are multi-country and some of those reach across multiple regions. This infographic outlines the number of approved projects in each geographic region hence some projects appear more than once.

2021 Programming overview

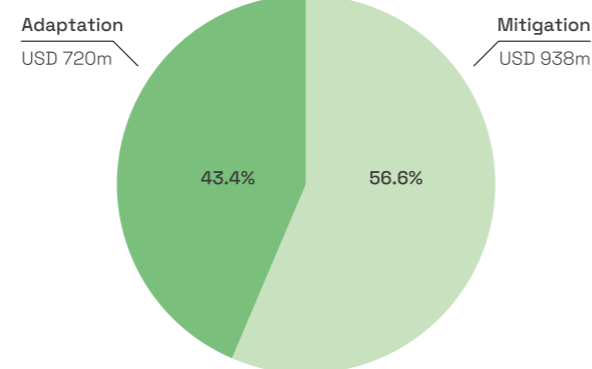
FIGURES AS OF 31 DECEMBER 2021



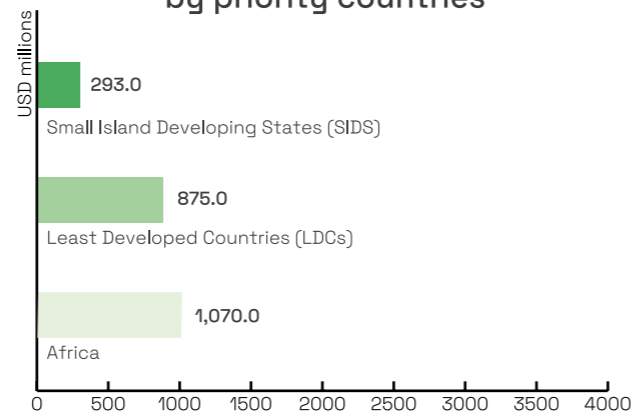
10 new Accredited Entities



Approved projects value by theme* (percentage in grant-equivalent terms)



Approved projects value by priority countries



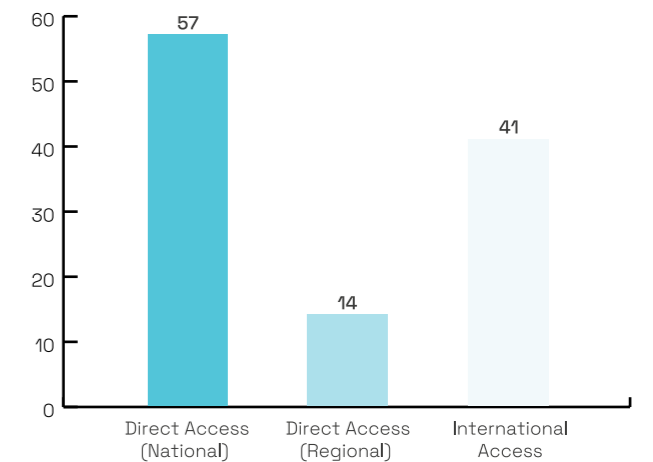
*Nominal values are used throughout unless it is indicated that figures are grant equivalent. The grant equivalent calculator tool, developed by the Office of Risk Management and Compliance of GCF, converts the value of different grant and non-grant instruments into a comparable grant equivalent value. The grant equivalents were estimated for each project using a uniform 5 per cent discount rate.

A growing portfolio

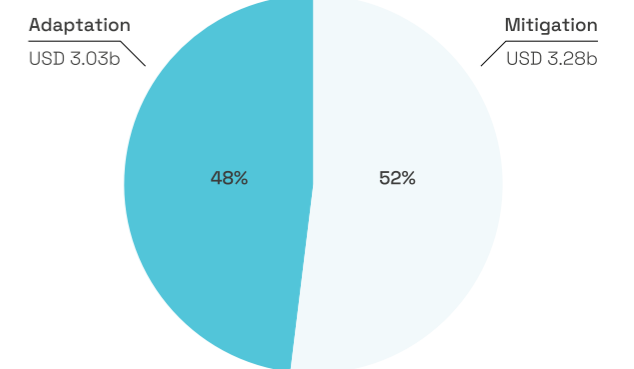
TOTAL 2015-2021



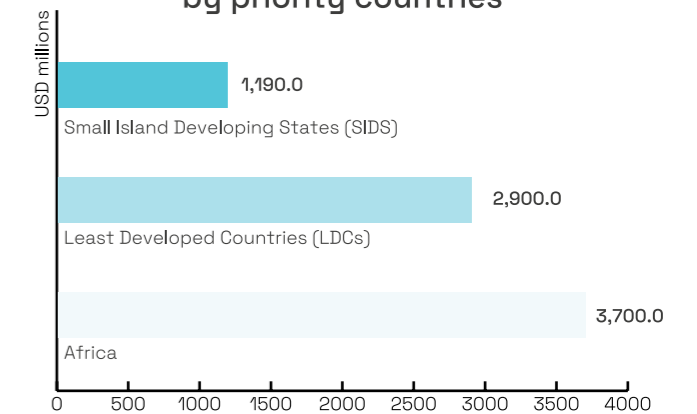
112 Accredited Entities



Approved projects value by theme* (percentage in grant-equivalent terms)



Approved projects value by priority countries



*Nominal values are used throughout unless it is indicated that figures are grant equivalent. The grant equivalent calculator tool, developed by the Office of Risk Management and Compliance of GCF, converts the value of different grant and non-grant instruments into a comparable grant equivalent value. The grant equivalents were estimated for each project using a uniform 5 per cent discount rate.

Fostering a paradigm-shifting portfolio

In 2021, GCF programmed nearly USD 3 billion for 32 new projects. By the end of 2021, the GCF portfolio reached USD 10 billion in GCF resources with 190 projects in 127 countries.

The year saw the approval of diverse projects across various result areas with novel approaches that will help vulnerable countries become climate-resilient and recover from the COVID-19 economic fall-out. Adaptation, direct access, and private sector mobilisation were common themes. Projects were approved for the first time in 10 countries: Botswana, Central African Republic, Congo, Guyana, Malaysia, Sao Tome and Principe, Somalia, Suriname, Thailand, and Trinidad and Tobago.

New project spotlight: Use ecosystem-based approaches

Multi-country programmes that focus on ecosystem restoration and enhancing ecosystem services to protect against climate change impacts.

For the full list of approved projects, please visit greenclimate.fund/projects

FP173

Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon



USD **598.1m**
total project value



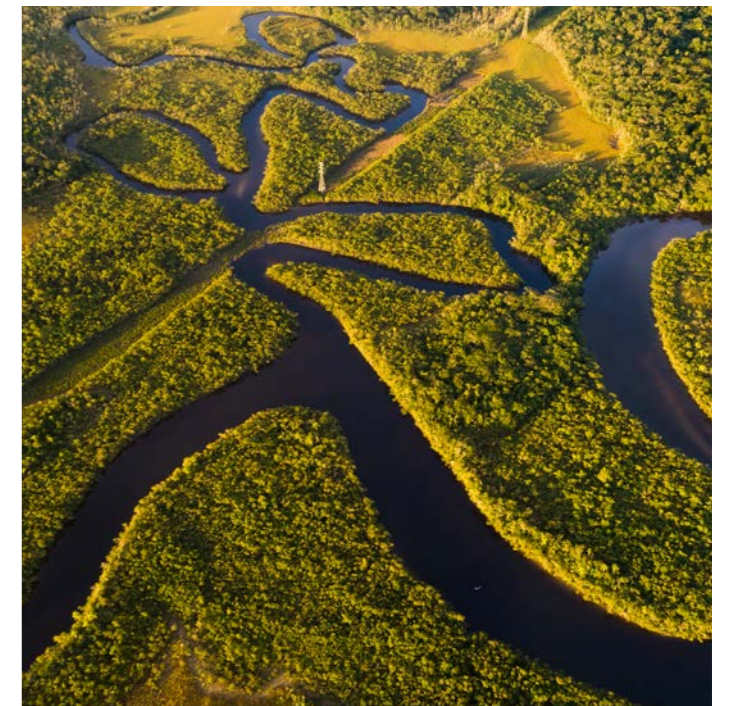
USD **279m**
GCF financing



123.4m
tonnes of emissions avoided



677.3k
beneficiaries



Home to the world's largest tropical forest, the Amazon is highly vulnerable to climate change. Increased temperatures and deforestation may result in the forest dying off and replaced by dry savannah-like landscapes. This would have grave consequences on biodiversity, agriculture, human health and livelihood, and affect the Amazon's role in absorbing and storing the world's carbon.




The Amazon Bioeconomy Fund will deliver sustainable solutions in six countries (Brazil, Colombia, Ecuador, Guyana, Peru, and Suriname) to reduce the impacts of climate change in the Amazon biome by prioritising natural capital and delivering climate benefits. Implemented with the Inter-American Development Bank (IDB), it will encourage private investment in six key areas of the bioeconomy: sustainable

agroforestry, native palm cultivation, non-timber natural forest products, growing native species timber, aquaculture, and community-led nature tourism.

FP180

Global Fund for Coral Reefs Investment Window



-  **USD 500m**
total project value
-  **USD 125m**
GCF financing
-  **35.2m**
beneficiaries

Coral reefs are among the world's most threatened ecosystems by climate change impacts. Drivers such as over-fishing, agricultural run-off, sewage discharge, and unsustainable tourism degrade the coral reefs, decreasing their chance of survival. Supporting businesses and companies for the sustainable use of ocean resources can improve the resilience of reefs and the communities that depend on them.

As GCF's first at-scale private sector programme in the blue economy, the Global Fund for Coral Reefs Investment Window (GFCR) will create a private equity fund to encourage investments in the blue economy in 17 countries in Africa, Asia-Pacific, Latin America and the Caribbean. Implemented with Pegasus Capital Advisors, GCF will act as anchor investor, encouraging public and private sector investment in

sustainable ocean production, ecotourism, and sustainable infrastructure and waste management. In addition, the GFCR Grant Window aims to mobilise USD 125 million of concessional capital from philanthropies and other agencies in order to foster a pipeline of investment-ready projects.



New project spotlight: Promote innovation and technology

Pioneering projects that introduce new climate innovations and technologies.

FP178 Desert to Power G5 Sahel Facility



USD **966.7m**
total project value



USD **150m**
GCF financing



14.4m
tonnes of emissions avoided

The Group of Five for the Sahel (G5 Sahel) countries — Burkina Faso, Chad, Mali, Mauritania and Niger — have some of the highest solar energy generation potential in the world yet they cannot benefit from it due to lack of investment in the clean energy sector. Currently, clean energy cannot meet increasing electricity demand. The demand growth combined with a high dependence on fossil fuels makes it harder for them to embrace a low emission future. The energy sector plays a pivotal role in

contributing to the region's climate mitigation and adaptation goals.

The programme aims to tap into the immense solar energy potential of the Sahel region and bring cheaper, reliable and low-emission electricity to end users. The Facility will address institutional and financial barriers and create an enabling environment to facilitate private sector funding for solar technological innovations and to ensure sustainability of the clean energy sector. GCF's contribution of USD

150 million to the Facility will leverage financing from the implementing partner, African Development Bank (AfDB), and the private sector for investments totaling to almost USD 1 billion for large-scale solar generation.

This programme contributes to the Great Green Wall Initiative, an African-led movement to combat desertification of the Sahel, help communities mitigate and adapt to climate change, and improve food security.

FP177

Cooling Facility



USD 879.8m
total project value



USD 157m
GCF financing



16.2m
tonnes of emissions avoided



21.1m
beneficiaries

As global temperatures increase and the demand for cooling rises, so do the emission levels of greenhouse and fluorinated gases, which have a very high global warming potential. Therefore low-carbon and sustainable cooling solutions are essential.

As the world's first cooling facility, this programme will provide cooling solutions in nine countries (Bangladesh, El Salvador, Kenya, Malawi, North Macedonia, Panama, Sao Tome and Principe, Somalia, and Sri Lanka). Planned measures include financing for investments in innovative, climate-friendly

cooling technologies and systems, and creating an enabling environment by strengthening institutional, policy and regulatory frameworks and building capacity of key stakeholders in technologies, business models and cooling project appraisal and implementation.

How GCF promotes climate innovation and new technologies

In 2021, GCF issued a working paper that describes the barriers to climate innovation in developing countries and how GCF can address them; and collaborated with the UN Climate Technology Centre & Network (CTCN), the operational arm of the UNFCCC Technology Mechanism, to promote integration of technology action plans into GCF programming.



Photo: © Turpin Samuel / Climate Visuals Countdown

New project spotlight: Catalyse private finance

Programmes that mobilise private-sector engagement and finance at scale.

FP181

CRAFT - Catalytic Capital for First Private Investment Fund for Adaptation Technologies in Developing Countries



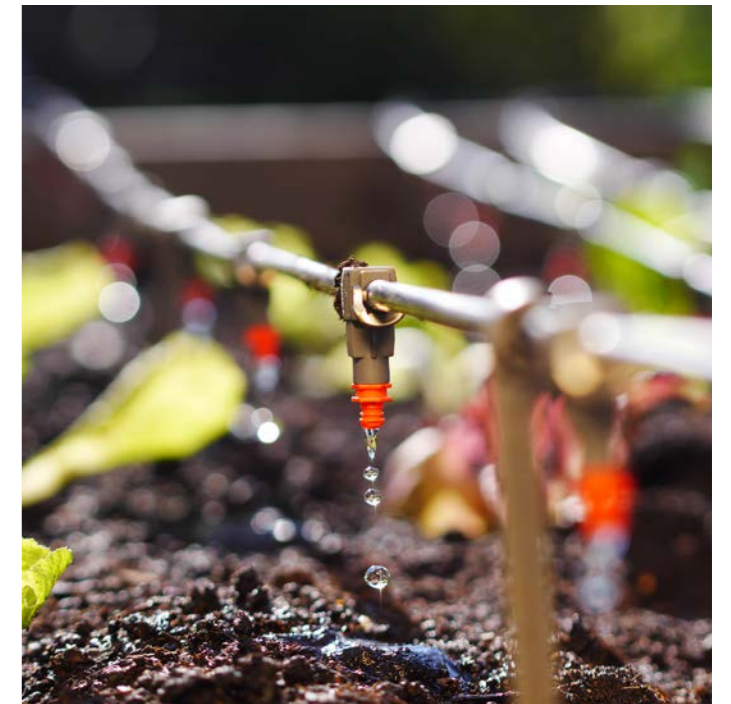
USD **400m**
total project value



USD **100m**
GCF financing



39m
beneficiaries



Up to USD 300 billion per year has been estimated for climate adaptation in developing countries by 2030, yet adaptation receives only 5 per cent of all climate finance – and less than USD 500 million of private investment. As the first private-sector investment fund for adaptation, CRAFT mobilises capital to scale up technologies for climate resilience and adaptation and applies them

in developing countries using a south-south technology transfer mechanism.

GCF's commitment of USD 100 million in catalytic capital will allow the programme to scale up adaptation finance and accelerate development, application, and transfer of private sector technologies in climate adaptation and resilience, particularly in promoting green recovery from

COVID-19. Implemented with Pegasus Capital Advisors, the programme supports investment in six technologies (agricultural analytics, water harvesting and irrigation, food systems, geospatial mapping and imaging, catastrophe risk modeling, and supply chain analytics) in six countries (Bahamas, Brazil, Mexico, Rwanda, South Africa, and Trinidad and Tobago).

FP156

ASEAN Catalytic Green Finance Facility (ACGF): Green Recovery Program



USD **3.7b**
total project value



USD **300m**
GCF financing



119m
tonnes of emissions avoided

Southeast Asia is one of the world's most energy-intensive regions, with rapid urbanisation and industrialisation increasing its greenhouse gas emissions. The COVID-19 pandemic has had a massive impact on the region's economic growth, affecting countries' ability to realise their climate ambitions in the

face of increased climate and economic vulnerability.

Designed as Asia's first regional 'green recovery' programme, this initiative, implemented with the Asian Development Bank (ADB), aims to kickstart countries' low emission investments to support economic recovery

following COVID-19. By catalysing increased climate finance from both the private and public sectors, the programme will support at least 20 high-impact, low emission sub-projects in Cambodia, Indonesia, Laos, Malaysia, and the Philippines.

How GCF engages and mobilises the private sector

Many projects approved in 2021 had a strong private-sector element. A key part of GCF's work is mobilising private-sector engagement and finance at-scale, which is done through its Private Sector Facility. In 2021, the PSF portfolio, a subset of the overall portfolio, grew by USD 783 million and six funding proposals, representing 11 per cent of 2021 programming in grant-equivalent terms.

GCF also advanced in developing the capacity of policymakers and local actors to create a conducive environment for climate innovation and private sector engagement. GCF has been supporting SIDS to explore financial innovations like climate debt swaps; and with the Islamic Development Bank, GCF will support national efforts in Jordan, Iraq, Lebanon, Oman and the State of Palestine to improve the enabling environment of private-sector partners.



Photo: © Aulia Erlangga

New project spotlight: Local adaptation

Direct access projects that will help local communities adapt and become resilient to climate change impacts.

FP169

Climate change adaptation solutions for Local Authorities in the Federated States of Micronesia



USD **19.7m**
total project value



USD **16.6m**
GCF financing



146.3k
beneficiaries

The Federated States of Micronesia (FSM), a small island developing state, is extremely vulnerable to the effects of climate change. The country's geography, weather, and proximity of its populated areas to coastlines increases climate-related risks and is further complicated by diverse environmental conditions across the country's islands and atolls.

Implemented with Pacific Community, a regional organisation for sustainable development of the Pacific, this project aims to reduce climate vulnerability, lower health risks, and increase development for communities by improving food and water security, enhancing disaster risk reduction and recovery, and building local adaptive capacity to respond

to climate change. This will be achieved by building the capacity of local authorities to deliver adaptation services, enhance their technical expertise and establish measures to enhance the climate resilience of communities and help them better adapt to climate change effects.

FP179

Tanzania Agriculture Climate Adaptation Technology Deployment Programme (TACATDP)



USD 200m
total project value



USD 100m
GCF financing



6.1m
beneficiaries

Agriculture is essential to Tanzania's economy and the livelihood of its people. However, the agriculture sector is particularly vulnerable to the adverse effects of climate change. With agriculture playing an integral role in the lives of the country's most vulnerable populations, the adverse effects of climate change will disproportionately harm those groups and

hamper the country's sustainable development.

This programme, implemented with CRDB Bank, a national financial institution in Tanzania, will strengthen the resilience of Tanzania's agriculture sector by facilitating access to agriculture climate adaptation technologies. This will be achieved by establishing a lending and

de-risking facility that will make these technologies affordable to local farmers and agricultural enterprises, accompanied by technical assistance and support from government authorities. The project will also strengthen awareness of climate threats and risk-reduction processes among government, industry actors and the financial sector.



We deeply appreciate the effective, efficient running of GCF as a partner. Our partners are ready and enthusiastic to begin work on the ground and we cannot thank GCF enough.

David Panuelo
President of Federated States of Micronesia

How GCF is increasing direct access

GCF has been fostering direct access by prioritising national Direct Access Entities (DAEs) for accreditation and providing more integrated support to DAEs through GCF's Readiness Programme and Project Preparation Facility (PPF) and in the form of programming guidance, technical assistance and dialogue with partners (e.g., GCF convened virtual regional workshops for DAEs in Asia and Africa to advance discussions about planned project pipeline development in late 2021). For more details, see "Strengthening country ownership" on pg. 46 and "Increasing access to GCF resources" on pg. 50.

Strengthening country ownership

A key GCF tenet is empowering developing countries to lead programming by building their capacity to identify, design, and implement climate projects. In 2021, work progressed on enhancing GCF's guidance to and engagement with country partners to translate their NDCs, adaptation plans, and climate strategies into plans, policies, and investment responses, and to develop GCF-aligned concept notes and funding proposals.

GCF programmes –Readiness Programme and PPF were– leveraged to further advance the development of project ideas into concept notes and to enable DAEs to play a greater role in programming. An action plan was developed to provide more programming support for DAEs, integrating Readiness and PPF tools, and to provide more training.

Readiness Programme: Empowering countries to take climate action

Available to all developing country parties to the UNFCCC, the Readiness Programme is an essential component of GCF's approach to help developing countries shift to low emission, climate-resilient development pathways.

Through the Readiness Programme, GCF is helping 141 developing countries build capacity in translating their NDCs, adaptation plans, and climate strategies into planning, policy and investment responses.

The Programme strengthens the capacity of developing countries to integrate climate and sustainable development strategies and policies; and to identify, design and implement transformational climate initiatives to realise their NDCs, National Adaptation Plans (NAPs), and long-term climate strategies.

GCF's Readiness Programme outcomes

- **Increased capacity of developing countries for low-emission, climate resilient development and for engagement with GCF.**
- **Strategic frameworks and enabling environments** that will allow countries to translate their climate ambitions into actionable and transformational initiatives and investments.
- Development of **adaptation plans and increased use of climate information** by countries to develop adaptation initiatives and investments.
- A robust **pipeline of high-quality concept notes and funding proposals** for GCF.
- Increased **access of developing countries to knowledge and learning** to accelerate their low-emission, climate-resilient pathways and for implementation of transformational climate investments.



The GCF Readiness and Preparatory Support Programme has allowed the Cook Islands to strengthen our institutional capacity and empower our people to prepare for climate change impacts and increase our country's resilience to those impacts.

Mani Mate
Development Coordination Division Director, Ministry of Finance and Economic Management, Cook Islands

How Readiness is helping countries in the context of COVID-19

As part of its support to a climate-resilient recovery from the COVID-19 pandemic, GCF is committed to high climate impact projects that bring strong development benefits.

without increasing their debt burden. Climate debt swaps can provide debt relief for developing countries while providing financial support for climate-related initiatives. However technical assistance is required to design these instruments and to ensure a high-quality pipeline of bankable climate investments that can be capitalised in the form of credible assets.

Several SIDS have requested technical support from GCF to explore climate debt swaps, as well as other innovative financing instruments such as resilience bonds. GCF is also supporting establishment of the Caribbean's first exchange for green bonds to finance net-zero, climate-resilient infrastructure in the region.

Through the Readiness Programme, GCF is helping several SIDS explore new finance structures, such as climate debt swaps,* that will enable countries to foster a green, resilient recovery


**Climate debt swap: when there is partial cancellation of debt by the creditor government and transformation of the remaining debt into local currency, which is directed towards investment in climate action.*

Fast facts

Figures as of 31 December 2021

2021 Results

 **USD 86m**
GCF funding approved


 **96**
developing countries with Readiness support initiatives newly approved in 2021

 **USD 16.8m**
grants disbursed for Readiness projects approved in 2021

2015–2021 Results

 **USD 391m**
GCF funding approved

 **141**
developing countries with Readiness support initiatives

 **USD 199m**
Readiness grants disbursed to 138 countries

Other programmes

Project Preparation Facility (PPF)

Through the PPF, AEs can get financial and technical assistance to help them prepare project funding proposals, particularly for micro- and small-sized projects. Depending on the funding proposal being developed and the activities included in the application, GCF can provide up to USD 1.5 million of funding support for each request.

Simplified Approval Process (SAP)

GCF's SAP is an application process for small-scale projects or programmes. AEs and National Designated Authorities (NDAs) can submit concept notes or climate project funding proposals of up to USD 10 million.

Fast facts

Figures as of 31 December 2021

2021 Results

 **USD 6.5m**
GCF funding approved for PPF


 **11**
PPF applications approved (8 from DAEs)

 **USD 37.56m**
GCF funding approved for SAP projects

 **4**
approved SAP projects

2015–2021 Results

 **USD 29.92m**
GCF funding approved for PPF

 **48**
PPF applications approved (33 from DAEs)

 **USD 207m**
GCF funding approved for SAP projects

 **23**
approved SAP projects

Increasing access to GCF resources



Several guides are under development such as 10 sectoral guides that describe climate investment opportunities along low emission, climate-resilient pathways in sectors such as water security, health and well-being, and low-emission transport. Stakeholder consultations were conducted on eight of the guides in 2021. An appraisal manual that describes GCF's investment criteria and appraisal process for concept notes

and funding proposals is under development; it follows the release of the Programming Manual⁽¹⁾ in 2020 that describes the project approval process and offers guidance on preparing and submitting a funding proposal to GCF.

Efforts have been also made to streamline and codify processes, standardise capacity development programmes, digitise systems to allow countries to track proposals

and develop online tools for countries to use. Among the numerous initiatives are an e-onboarding programme and a climate scenario platform developed with the World Meteorological Organisation (WMO).

GCF continued to build its AE network by accrediting more partners, especially DAEs: 10 AEs were added in 2021, of which nine were DAEs and three from the private sector.

Direct Access fast facts

Figures as of 31 December 2021

71
total number of DAEs accredited
(63% of the AE portfolio)

58
developing countries have at least
one DAE (national or regional)

+17%
increase of DAE programming share out of total
programming in grant-equivalent terms

Reaccreditation began for the cohort of AEs entering their second partnership term with GCF and it is anticipated

there will be a large focus on reaccreditation applications in 2022. The new digital accreditation platform which

will be deployed in 2022 will improve the efficiency and transparency of the accreditation process.

GUIDES FOR ACCESSING GCF RESOURCES



Country programme guidance



Enhancing Direct Access Guidelines



SAP Compendium



GCF is a partnership institution, working for, through, and with partners to deliver climate results. It recognises the key role of AEs in enabling developing countries' access to GCF resources and delivering impact by implementing projects.

In response to requests for more support in accessing the Fund's financing processes and systems, GCF continued to enhance access through the provision of more programming guidance, technical assistance, and dialogue.

To see other guides released in 2021 and more, please visit greencimate.fund/publications.

Implementing the portfolio

In 2021, the GCF portfolio under implementation reached USD 6.7 billion. Disbursements reached USD 2.3 billion, increasing the total funds disbursed by 53 per cent since 2020.

By the end of 2021, GCF's portfolio delivered 54 MtCO_{2e} of reduced emissions and benefitted 14 million people directly and indirectly. The total portfolio is expected to deliver 1.980 MtCO_{2e} of reduced emissions and reach 588 million beneficiaries.

Working smarter and faster to deliver climate finance



Photo: © Shibasish Saha / Climate Visuals Countdown

To ensure the delivery of high-impact programming for countries most in need, GCF has been making efforts to execute with greater speed, efficiency, effectiveness, transparency, and predictability.

Safeguarding programmes

With a maturing portfolio, GCF has been advancing its results and risk management capabilities. In 2021, it adopted the Integrated Results Management Framework, enhanced review processes to ensure

better results tracking, and expanded portfolio management systems.

Considerable work was done to bolster a proactive risk management approach, as set out by the Fund's Risk

Management Framework and related policies. Roles and responsibilities for risk assessment, mitigation and management were prioritised and mainstreamed across the Fund's divisions, offices and independent units.

Swifter programming

Gains were made in accelerating the funding proposal cycle, particularly in speeding up stages from review to Board approval and from Board approval to disbursement. The median time from Board approval to first disbursement decreased from 19 months in 2018 to 10 months in 2021.

The gains were a result of comprehensive improvements made across the GCF Secretariat such as strengthening partner engagement through more programming guidance and dialogues with AEs, and streamlining, automating and digitising processes and procedures.

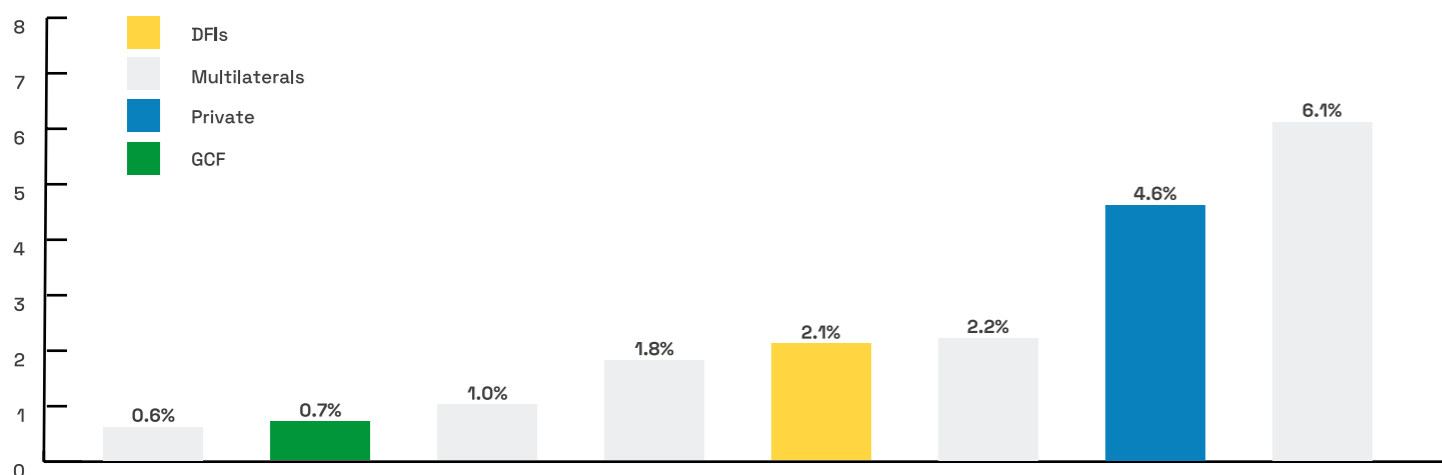
Digital transformation

Under GCF's digital transformation agenda, efforts are being made to codify, automate and digitise business processes. In 2021, 80 per cent^[1] of codified GCF processes were automated, covering funding proposal and Readiness review, accreditation, portfolio management and administrative support. The year also saw the launch of the Portfolio Performance Management System (PPMS).

Consequently, transparent and real-time information on portfolio, proposal, and disbursement status are being delivered to partners through web-based portals and general public information access is being enhanced through updates to the GCF website.

Besides gaining in efficiency, digitisation helps GCF become more cost-effective. In 2020, an independent review^[2] undertaken by

aken by Dalberg Global Development Advisors, was published. It looked at the ratio of operating expense to total approved investments. As noted in Section 5 of the review, GCF was found to be at the low end compared with its peers. As its portfolio grows, GCF will become even more cost-effective by the end of 2023 when its portfolio is anticipated to reach USD 15 billion.



Increasing institutional capacity

In line with the significant expansion of its portfolio and evolution of more sophisticated policies, processes and systems, the Fund is preparing to grow its staff capacity to the next level. In 2021, the Board approved an increase in the Secretariat headcount to 300 in 2022 and 350 in 2023. The GCF People Plan and employee value proposition are being

used to attract and retain committed, talented staff, and will be key to the major recruitment push in 2022.

Despite the increasing headcount, continuing digitisation and advancements in corporate performance management will ensure that GCF remains lean and efficient relative to the size of its assets under management.

Anti-corruption and integrity measures

GCF has zero-tolerance for project integrity violations (e.g., corruption, fraud, abuse, and other prohibited practices). Outlined in GCF's Risk Management Framework, the Fund has robust measures^[3] to prevent, identify and manage risks end-to-end from accreditation to funding proposal review to implementation, using three lines of defence:

- 1. Accredited Entities (AE) and National Designated Authorities (NDA)** — as the first line of defence, they have primary responsibility in preventing and managing project risks. AEs are assessed against GCF fiduciary standards, environmental and social safeguards, and gender policy during the GCF accreditation process.
- 2. GCF Secretariat** — as the second line of defence, the Secretariat conducts due diligence during both its support to and review of funding proposals, as well as during project implementation.
- 3. GCF Independent Integrity Unit (IIU) and Office of the Internal Auditor (OIA)** — as the third line of defence, the OIA and IIU take a preventive, proactive approach. The IIU conducts risk assessments and in-depth reviews of projects, providing technical support to AEs, and encouraging whistleblowing, among other measures.



Stories of real-life impact



The solar power will do a huge job, reducing the usage of grid energy, ... people need water, it is a necessity, so the solar power grid is going to be very important for water pumping

Chase Ashby
Engineer, Barbados Water Authority

From steam engines to solar power: How GCF is creating a clean-energy, climate-resilient water sector in Barbados

Small Island Developing States (SIDS) are particularly vulnerable to the impacts of climate change, even though they play very little role in creating the emissions that are causing the climate crisis. SIDS are threatened by many climate factors, including increasingly severe hurricanes and tropical storms, rising sea levels, and more frequent and long-lasting droughts.

Climate change threatens the availability of safe, clean water on many islands. Water

scarcity is a major issue, and interruptions to water supply in the wake of devastating hurricanes and storms put the lives of local communities at risk. A key part of climate resilience is safeguarding the water system.

GCF, the Caribbean Community Climate Change Centre (CCCCC) and the Barbados Water Authority (BWA) are working together to transform the water sector in Barbados through the Water Sector Resilience

Nexus for Sustainability in Barbados (FP060: WSRN S-Barbados) project.

Barbados' water infrastructure is ageing and in urgent need of upgrade to create a resilient system that can respond to the impacts of climate change. BWA buildings and the mains water pipes date back as far as 1850, to British rule over the island.

Supplying the island's water needs is a real challenge, which is becoming more

difficult as saltwater infiltrates freshwater caves and the freshwater underground aquifer lens, reducing further the fresh water supply. Climate change is also increasing the severity of extreme weather events such as tropical storms, often resulting in water insecurity for islanders.

Water needs power to be distributed, and in Barbados the BWA is the largest electricity user, consuming 10 per cent of the nation's power generation. The Belle pumping station supplies nearly half of the island's water needs, giving crucial access to water on the island.

Whilst the water pumping system is now powered by the electricity grid, the Belle pumping station still houses a derelict steam-powered pump, in use up until 1946. But now the station is moving into a new era of green power.

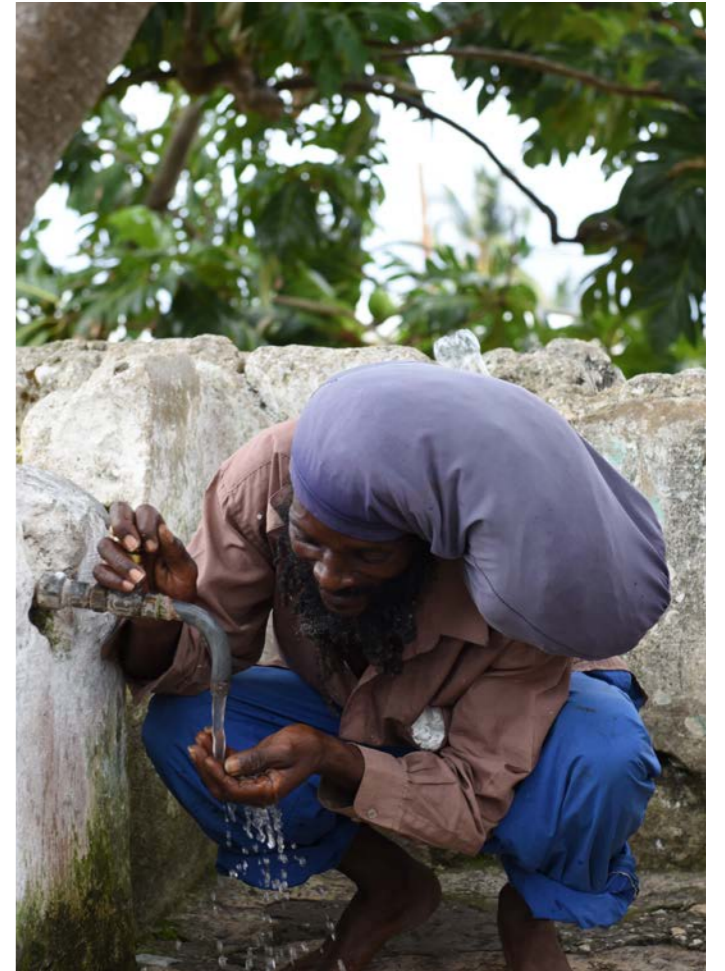
With support from GCF, CCCCC and BWA are now partnering to install solar PV at pumping stations, providing renewable power to support Barbados' water distribution needs. The project is funding new PV installations at Belle (2MW), Hampton (2MW), and Bowmanston (0.5MW) pumping stations, as well as micro-gas turbines for back-up power.

The solar power and micro-gas turbines provide resilient back-up in case of grid outages. The electricity grid struggles to meet demand under normal conditions so that some parts of the island experience frequent power outages.

Power cuts are frequent during tropical storms, which then impact upon water distribution, threatening water supply across the island. Vulnerable households with elderly people and those with disabilities, as well as schools, hospitals, and local

businesses, are all threatened by water shortages.

The clean renewable power will also reduce reliance on fossil fuels from the grid, helping to transform Barbados towards low emission energy whilst building climate resilience at the same time. Solar power is clean, reliable, and increasingly cheap, so that BWA will also make substantial savings in its energy bill, saving money that can be reinvested to create a more resilient water grid, and to improve water conservation measures.



Protecting Malawi with climate information and early warning systems

Malawi, one of the least developed countries in Africa, is highly dependent on its agricultural sector. Around 85 per cent of the country's population live in rural areas, with the majority engaged in smallholder farming. More than half live in poverty.

The already dire living conditions of rural people are exacerbated by increasing climate-induced disasters such as floods, droughts, and strong winds. A high dependency on subsistence farming makes smallholder farmers especially vulnerable

to climate-related hazards. Floods particularly represent a major threat, and they have been increasing lately both in frequency and severity.

The impacts of the changing climate are not limited to flooding. Shifts in the country's rainfall season, longer dry seasons, and reductions in the growing season are already occurring, threatening the country's agricultural value chain and food supply.

In addition to smallholder farmers, the livelihoods of fisherfolk are also under

threat. Lake Malawi, one of the largest lakes in the world, is a central geographical and economic feature of the country. It provides food and jobs for millions of people living along its shoreline. Due to climatic changes, fisherfolk are already forced to search for fish further offshore.

It is expected the frequency of climate-induced disasters will continue to grow, increasingly threatening Malawi's most vulnerable communities. Therefore, boosting the country's climate resilience and increasing

community preparedness for the devastating impacts of climate change has become a national priority.

With their livelihoods under threat from climate disasters, rural communities in Malawi urgently need accurate and timely information to warn them about impending floods, droughts or heavy rains. Such information forms the basis of their ability to take preparatory action, which is critical to reducing the vulnerability of disaster-prone communities and livelihoods.

Implemented by Malawi's Department of Disaster Management Affairs (DODMA), in partnership with the Department of Climate Change and Meteorological Services (DCCMS), the project will increase the warning time of impending climate-induced danger, allowing local communities sufficient time to prepare. In addition, a key component of the project involves training people in local hydromet networks to generate climate-related data. This helps them to forecast extreme weather and chart the broad effects of climate change.

Finally, generating accurate climate information is not enough. It must also be disseminated to the remotest parts of the country to ensure that fisherfolk and farmers are able to take timely and urgent action. The climate data obtained through the M-CLIMES project is spread through mobile phones, ICT, and radio channels – targeting vulnerable farming

communities, as well as fishing communities around Lake Malawi. Working with the private sector, including telecoms and micro and small enterprises, the project will ensure people know what to do with this enhanced weather information.

The project provides funding to work with affected communities in flood disaster prone areas to undertake awareness raising and risk reduction. The capacity of local communities, district councils, and national agencies to respond to emergencies is being strengthened through training and improved emergency services.

Improved information about climate change and enhanced ways to disseminate that information will save an uncountable number of future lives and livelihoods in Malawi.



GCF, together with UNDP, is implementing the project Scaling up the Use of Modernized Climate Information and Early Warning Systems (FP002: M-CLIMES). The project will expand Malawi's meteorological network, install automatic weather stations, hydrological monitoring stations, and lake-based weather buoys, as well as increase the capacity of local officials to identify risks and forecast impacts.

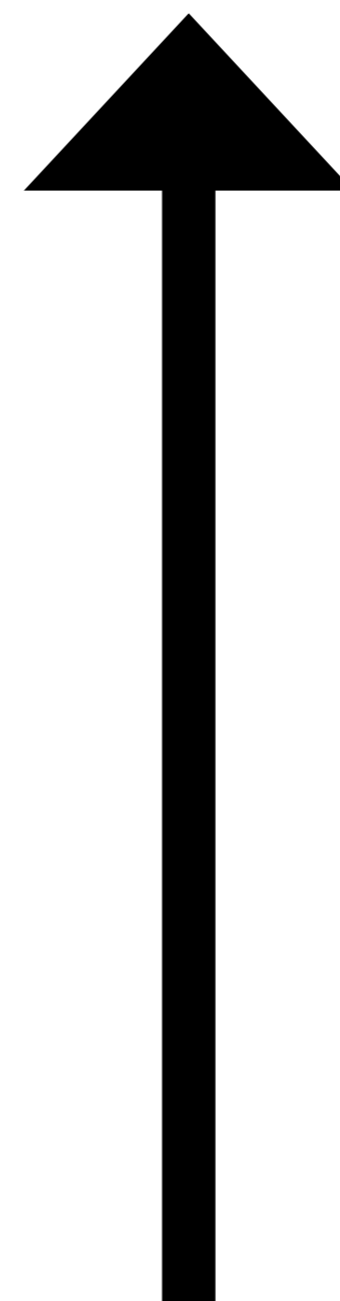


Roadmap to achieving our vision

Progress on GCF's Updated Strategic Plan 2020–2023

The Updated Strategic Plan 2020–2023 (USP), endorsed by the GCF Board in 2020, serves to guide GCF in addressing policy gaps, programming, and investing resources in paradigm-shifting climate actions in a country-driven manner for the first replenishment period (GCF-1).

The USP sets out strategic objectives, guidelines for resource allocation, and strategic, operational and institutional priorities for GCF to achieve its long-term vision.



GCF'S LONG-TERM VISION

Promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development.

Support developing countries to raise and realise their climate ambitions in line with the objectives of the Paris Agreement and the UN Framework Convention on Climate Change.

GCF-1 OUTCOMES (2020–2023)

- Balanced, scaled-up funding between adaptation and mitigation, with a 50 per cent adaptation 'floor' reaching the most vulnerable countries (LDCs, SIDS, and African States).
- Significant increase in direct access funding, working directly with local, national and regional organisations that are close to the ground in developing countries, alongside work with larger, international entities.
- Significant increase in mobilisation from the private sector, using GCF investments to leverage more private investments and increased share of programming resources that flow through GCF's Private Sector Facility.
- Improved speed, predictability, efficiency, effectiveness, and transparency to maximise the impact of GCF's climate action.
- Deliver over 265 million tonnes of CO₂ reductions or removals per billion dollars invested in mitigation and reach over 155 million beneficiaries for each billion invested in adaptation.

GCF-1 PRIORITIES

- Strengthen country ownership of programming
- Foster a paradigm-shifting portfolio
- Catalyse private-sector finance at-scale
- Improve access to GCF resources

GCF Chronology

As of the end of 2021 and at the midpoint of GCF-1, GCF is in a stronger position than ever to fulfill its mandate as an operating entity of the financial mechanism of the UNFCCC and to contribute to realising the ambitions of developing countries, as set through their NDCs, adaptation plans, and climate strategies under the Paris Agreement.

In summary, GCF has made the following progress on the USP:

- **Strengthening capacity to implement climate strategies and access financing**
GCF's investments in Readiness are now helping 141 developing countries build capacity in translating their NDCs and climate strategies into planning, policy, and investment responses. DAE support is delivering results with DAE programming increasing from 12 per cent of programming in the Initial Resource Mobilisation period to 23 per cent of programming in GCF-1, with DAEs representing 83 per cent of new AEs in GCF-1.

- **Building a portfolio over USD 10 billion aligned with GCF-1 goals**
GCF's portfolio reached the USD 10 billion mark in 2021, delivering climate projects in 127 developing countries – close to USD 5 billion was programmed in the first two years of GCF-1, with almost USD 3 billion in 2021. With USD 27.1 billion of co-financing, the total value of assets under management is over USD 37 billion. In 2021, there was also a marked increase in GCF-1 share of DAE programming and adaptation programming, particularly with the private sector, as well as a range of new projects driving innovation and catalysing wider sources of finance.

- **Accelerating implementation to deliver resources on the ground and managing the portfolio**
The GCF portfolio under implementation reached USD 6.7 billion in 2021; and disbursements reached USD 2.3 billion, increasing the total funds disbursed by 53 per cent since the end of 2020. Times from Board approval of a project to disbursement have decreased due to improvements in post-approval and portfolio management processes.

In recognition of the growing portfolio under implementation, GCF has been increasing its portfolio management capacities. GCF has been bolstering its risk management to better manage project risks. It has also been investing heavily in its portfolio management systems and adopted an Integrated Results Management Framework in 2021 in order to further track and evaluate climate results from projects.

- **Maturing GCF processes and increasing institutional capacity**
Efforts towards streamlining, codifying, automating and digitising business processes have borne fruit with gains in speed, efficiency, cost-effectiveness and transparency. Work continues on digitisation and work planning and performance management approaches.

Finally, due to the immense progress made on delivering the USP and to ensure the momentum continues, the GCF Secretariat will significantly increase its staff capacity in the second half of GCF-1, following the Board approval in 2021 to increase the headcount.

Initial Resource Mobilisation (2014–2019)

Establishment of the GCF headquarters and Secretariat in the Republic of Korea; approval of initial policies by GCF Board to guide GCF's work and on the use of its resources; first climate projects approved and implemented; and first replenishment realised.

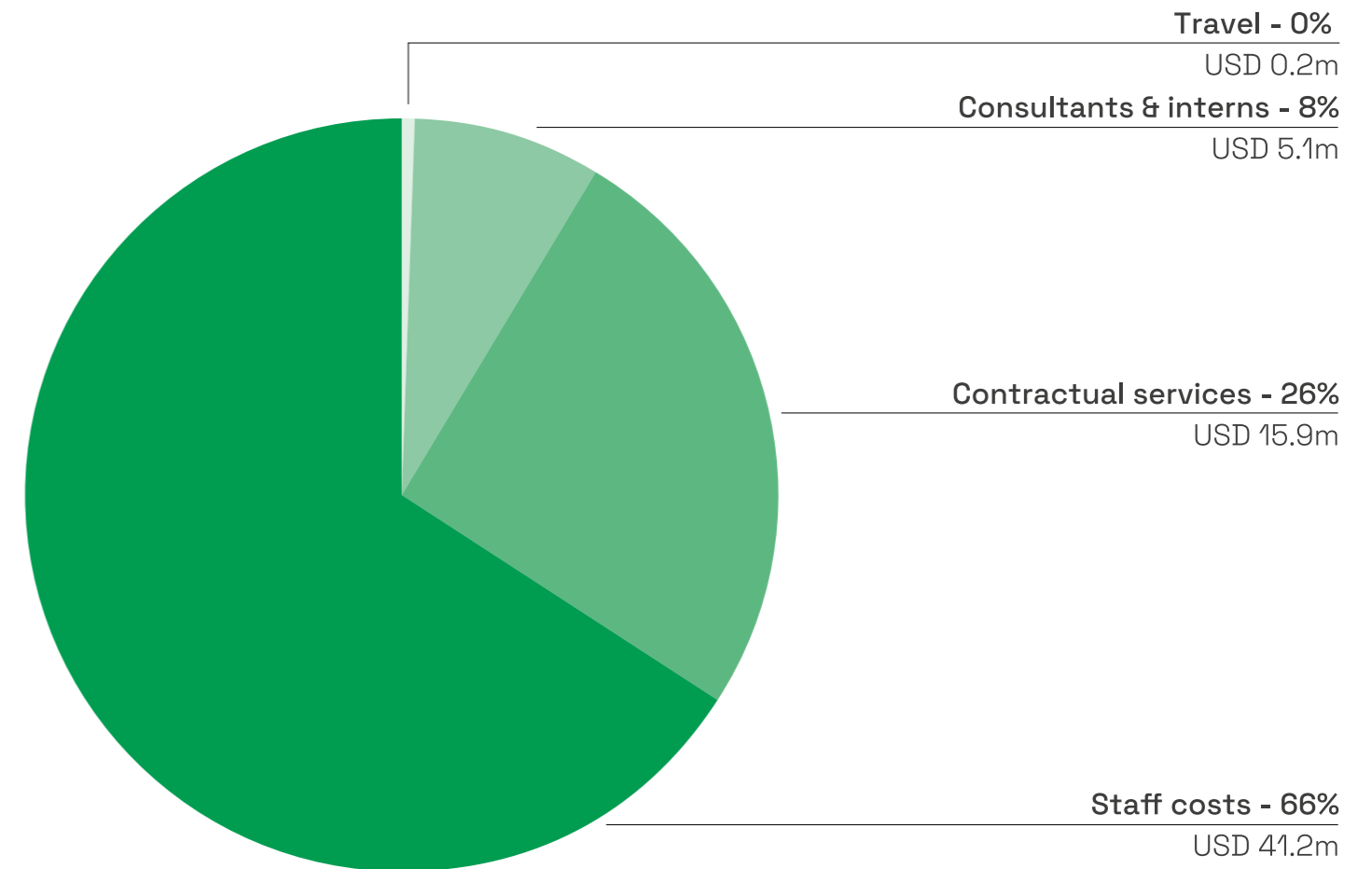
GCF-1 (2020–2023)

Significant growth of GCF and portfolio; portfolio reached USD 10 billion with 190 projects in 127 countries at the end of 2021; maturation of GCF with more ambitious and sophisticated strategy, programming and operations, and rapidly increasing institutional capacity; preparation for the second replenishment in 2023.

GCF-2 (2024–2027)

Financial highlights

Administrative budget



GCF's administrative expenses for 2021, compared to total contributions (received and signed contribution agreements), are 0.4 per cent. These expenses cover the operations of the Secretariat (including staffing costs, contractual services, consultancies, and travel), as well as Board activities, and Trustee activities.

The Secretariat costs for the year amounted to USD 62.5 million. They were allocated according to the breakdown in the chart, with travel costs in particular still significantly reduced due to the ongoing pandemic.

GCF's financial statements are audited each year by an independent auditor. These are

usually available in the third quarter of the following year. Previous audited financial statements are available via [g.cf/financialstatements](https://www.gcf.org/financialstatements).

Status of contributions

Contributor name	Contribution agreement effectivity date	Confirmed amount (USD equivalent reference rate in millions)	Total per contributor (in USD millions)
Austria	26-Nov-19 10-Nov-20	33.79 112.62	146.41
Belgium	19-Dec-19 15-Dec-20 22-Dec-21	22.52 22.52 67.57	112.62
Belgium - Brussels Capital Region	08-Dec-20	1.13	1.13
Belgium - Government of Wallonia	12-Jun-20 30-Jun-21	0.45 0.45	0.90
Bulgaria	29-Dec-20 29-Nov-21	0.06 0.02	0.08
Canada	28-Mar-20 06-Aug-20	26.62 10.97	37.59
Denmark	09-Dec-10 27-Sep-21 14-Dec-21	36.96 33.19 50.54	120.69
Finland	21-Dec-20	112.62	112.62
France	15-Dec-20 20-Dec-19 23-Nov-20 21-Dec-20	69.83 173.07 1,151.36 349.13	1,743.38
Germany	09-Dec-19	1,689.32	1,689.32
Hungary	12-Jul-21	0.70	0.70
Iceland	11-Jun-19 31-Jan-20 31-Dec-21	0.10 1.90 0.80	3.30
Indonesia	15-Sep-21	0.50	
Ireland	10-Dec-20	18.02	18.02
Italy	15-Jun-20	337.86	337.86

Contributor name	Contribution agreement effectivity date	Confirmed amount (USD equivalent reference rate in millions)	Total per contributor (in USD millions)
Japan	01-Jul-20	1,500.00	1,500.00
Liechtenstein	10-Jan-20 10-Nov-20	0.05 0.05	0.10
Luxembourg	28-May-20 28-May-20	22.52 22.52	45.05
Malta	16-Oct-20 24-Sep-21	0.11 0.11	0.23
Monaco	21-Nov-19 31-Mar-20	0.84 3.38	4.22
Netherlands (the)	26-Nov-20	135.15	135.15
New Zealand	20-Dec-19	10.05	10.05
Norway	27-Nov-19 28-Jan-20	46.39 371.10	417.48
Poland	24-Dec-19	3.00	3.00
Portugal	09-Apr-20	1.13	1.13
Republic of Korea (the)	15-Sep-20	200.00	200.00
Romania	26-Jul-21	0.05	0.05
Russian Federation	16-Nov-20	10.00	10.00
Slovakia	28-Dec-20	2.25	2.25
Slovenia	23-Sep-19	1.13	1.13
Spain	12-Dec-19	168.93	168.93
Sweden	19-Dec-19	852.55	852.55
Switzerland	24-Nov-20	150.00	150.00
United Kingdom	25-Sep-20	1,851.88	1,851.88

GCF's first replenishment (GCF-1: 2020-2023) is an important element of the financial commitments needed to deliver the Paris Agreement. By the end of 2021 — the halfway point of GCF-1 — contributors have pledged well over USD 10

billion to GCF (based on exchange rates at the time). Ninety-eight per cent of these pledges have already been confirmed, with all 34 contributors having confirmed part or all of their pledges through the signing of contribution agreements,

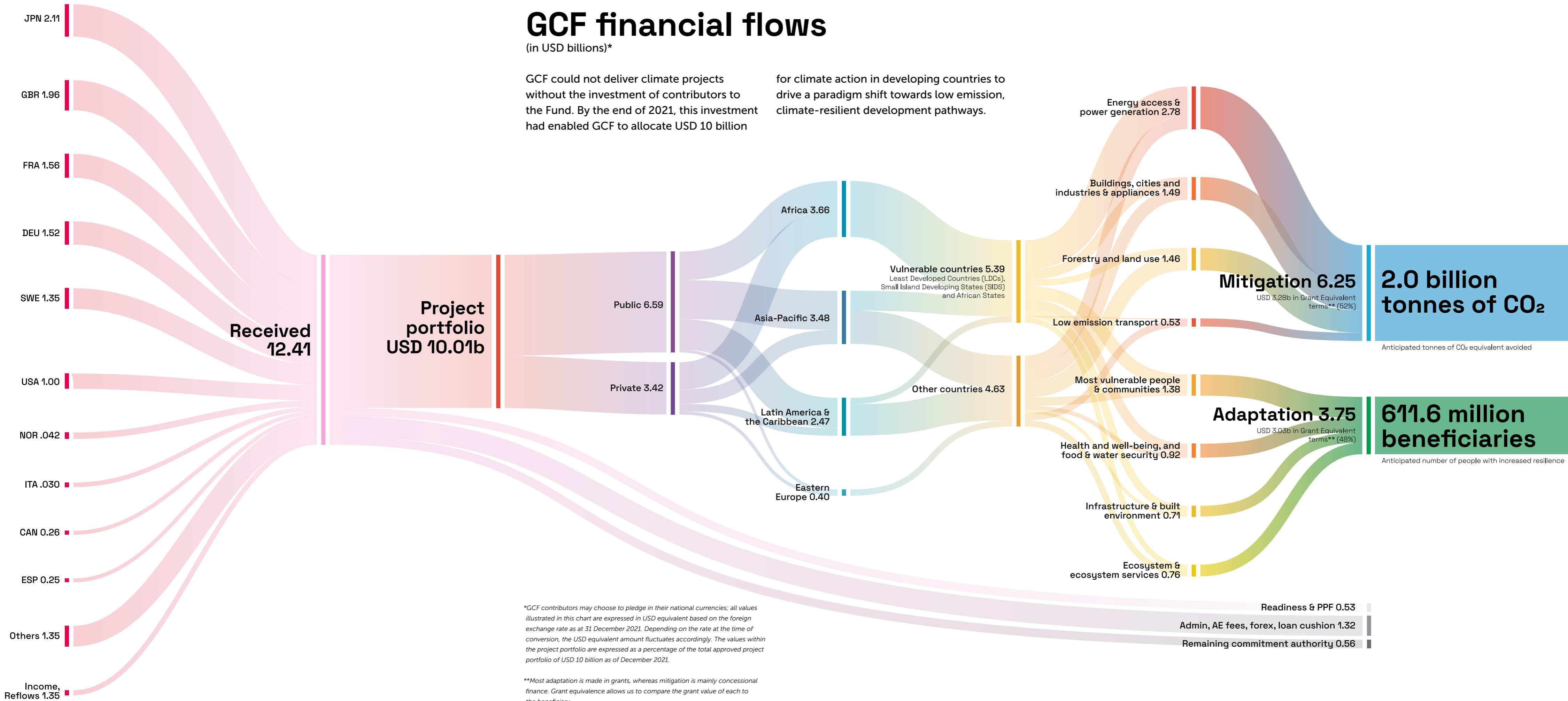
as indicated in the table, which uses a USD equivalent reference rate for individual contributions. The current status of contributions is available on the resource mobilisation section of the GCF website.

GCF financial flows

(in USD billions)*

GCF could not deliver climate projects without the investment of contributors to the Fund. By the end of 2021, this investment had enabled GCF to allocate USD 10 billion

for climate action in developing countries to drive a paradigm shift towards low emission, climate-resilient development pathways.



*GCF contributors may choose to pledge in their national currencies; all values illustrated in this chart are expressed in USD equivalent based on the foreign exchange rate as at 31 December 2021. Depending on the rate at the time of conversion, the USD equivalent amount fluctuates accordingly. The values within the project portfolio are expressed as a percentage of the total approved project portfolio of USD 10 billion as of December 2021.

**Most adaptation is made in grants, whereas mitigation is mainly concessional finance. Grant equivalence allows us to compare the grant value of each to the beneficiary.

Readiness & PPF 0.53

Admin, AE fees, forex, loan cushion 1.32

Remaining commitment authority 0.56

2.0 billion tonnes of CO₂

Anticipated tonnes of CO₂ equivalent avoided

611.6 million beneficiaries

Anticipated number of people with increased resilience

Mitigation 6.25

USD 3.28b in Grant Equivalent terms** (52%)

Adaptation 3.75

USD 3.03b in Grant Equivalent terms** (48%)



**Raising ambition.
Empowering action.**

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