

**GREEN
CLIMATE
FUND**

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30 September 2024

Status of the GCF portfolio: Approved projects and fulfilment of conditions

Table of Contents

I.	Introduction	1
II.	Portfolio review: - status and trends	1
III.	Status and trends of the GCF portfolio of the Readiness and Preparatory Support Programme, the Project Preparation Facility, and funded activities	3
	3.1 Readiness and Preparatory Support Programme	3
	3.2 Project Preparation Facility	7
	3.3 Funded activities	8
IV.	Overview of fulfilment of conditions and current challenges of the portfolio	19
	4.1 Overview of fulfilment of conditions	19
	4.2 Reporting under the GCF Policy on Restructuring and Cancellation.	21
	4.3 Emerging implementation challenges	21

Figures

Figure 1: Key information on the Readiness and Preparatory Support Programme.....	4
Figure 2: Readiness and Preparatory Support Programme by key dimensions (in USD)	4
Figure 3: Trend in regional distribution of the Readiness and Preparatory Support Programme funding (national adaptation plan and non-national adaptation plan) approved by approval year (in USD).....	5
Figure 4: Regional distribution of funding approved amount (in USD) and percentage coverage of countries supported by readiness funding versus the number of GCF target countries as at 31 August 2024.....	6
Figure 5: Key information on the Project Preparation Facility.....	7
Figure 6: Balance of adaptation and mitigation funding over time (in grant equivalent terms).....	9
Figure 7: Adaptation funding allocation to small island developing States, the least developed countries and African States by GCF resource mobilization periods (in grant equivalent terms)	10
Figure 8: Geographical balance of funding by GCF resource mobilization periods (in grant equivalent terms)	10
Figure 9: Allocation to the Private Sector Facility	11
Figure 10: GCF portfolio 2015–2024 (as at 31 August 2024)	12
Figure 11: Project size and financial instrument by GCF funding (in USD).....	12
Figure 12: Distribution of financial instruments by sector and theme (in USD).....	13
Figure 13: GCF funding by results area and sector (in USD, nominal terms).....	14
Figure 14: Number of entities with approved GCF projects and funding allocation by entity type	14
Figure 15: The top five recipients of GCF funding by international access entity and direct access entity and the top five portfolio under implementation by access modality of accredited entities (in USD).....	15
Figure 16: GCF financing through other funding modalities, 2015–2024 (as at 31 August 2024) (cumulative)	15
Figure 17: GCF funding in nominal terms by region, least developed countries and small island developing States.....	16
Figure 18: Distribution of the approved amount of GCF funding among the least developed countries.....	17
Figure 19: Distribution of the approved amount of GCF funding among small island developing States	17
Figure 20: Portfolio implementation and disbursement, 2015–2024	18
Figure 21: Breakdown of reflowed amount from projects under implementation (in USD) for 1 January to 31 August 2024	19
Figure 22: Number of projects and GCF funding by stage (in USD)	19
Figure 23: Number of projects that are under pending funded activity agreement execution, effectiveness and first disbursement stages by duration of pending months	20

I. Introduction

1. The Governing Instrument for the GCF,¹ in paragraph 23(d), and (j) established the mandate for the Secretariat to carry out monitoring functions and prepare reports on the performance of the implementation activities funded by GCF. In addition, the Board requested the Secretariat to provide reports on the status of the fulfilment of conditions decided by the Board in its approval of the relevant projects or programmes (decisions B.14/07, paragraph (j), and B.17/09, paragraph (c) and annex III); and on the implementation of funding proposals approved by the Board (decision B.16/02, paragraph (n)). Accordingly, this report provides an update on the status of the portfolios of the Readiness and Preparatory Support Programme (Readiness Programme) grants, the Project Preparation Facility (PPF) and funded activities as at 31 August 2024.

2. From the thirty-ninth meeting of the Board (B.39) onward, the reports referred to in paragraph 1 above will focus on the status of the GCF portfolio and provide a summary of the status of fulfilment of conditions, highlighting trends and those projects with significant delays in this regard. The proposed approach takes into account: a) the maturity and growth in the number of projects in the portfolio;² b) the improvements in efficiencies as indicated by the reduction in time between approval and the first disbursement;³ and c) requests from the Board for more concise documents.

3. This document is structured as follows: chapter II summarizes the status of the GCF portfolio while chapter III provides deeper analyses and visualizations of the Readiness Programme, PPF and funded activities portfolios under implementation. Chapter IV summarizes key issues and challenges of the current portfolio with a view to providing the Board with the information necessary for its consideration and decision-making.

II. Portfolio review: status and trends

4. The Secretariat continues to enhance its implementation and monitoring capabilities across various facets of its operations, including the Readiness Programme and the PPF grant and service operations, as well as the oversight of funded activities. A significant focus continues to be on improving the portfolio implementation performance to ensure that delivery partners, national designated authorities, accredited entities (AEs) and other stakeholders can effectively execute grant operations and projects/programmes within the allocated budget and time frame to achieve the intended results.

5. At the end of 2023, which also coincided with the end of the first replenishment period of GCF (GCF-1) (2020–2023), the GCF portfolio of funded activities comprised 242 projects/programmes with USD 13.5 billion in funding approved by the Board. Of this total portfolio, 85 per cent or 205 projects/programmes with USD 10.9 billion in funding were under implementation across 127 countries.

¹ The Governing Instrument was approved by the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) at its seventeenth session and is annexed to UNFCCC decision 3/CP.17. Available at <http://unfccc.int/resource/docs/2011/cop17/eng/09a01.pdf>.

² As elaborated in this report, the number of projects/programmes approved as at 31 August 2024 reached 270. The average maturity rate of projects under implementation (average percentage of how much time has elapsed vis-à-vis total project durations) is 55 per cent as at 31 August 2024.

³ Throughout the first replenishment period of GCF (2020–2023), the time between Board approval and first disbursement trended steadily downward from 14 months to a median of 6 months, which indicates that GCF has been improving the disbursal of funds to beneficiary countries following Board approval.

6. The second replenishment period of GCF (GCF-2) started on 1 January 2024 with the approval by the Board of the updated Strategic Plan for the GCF 2024–2027 (decision B.36/13). During the current reporting period of 1 May to 31 August 2024, 17 new projects/programmes amounting to USD 1.0 billion were approved. This brings the GCF portfolio of projects/programmes to 270 and a total of USD 14.9 billion in approved funding as at 31 August 2024. By the end of 2024, the number of approved projects/programmes is expected to increase further given the strong prioritized project pipeline proposals for 2024.

7. The 270 projects/programmes approved as at 31 August 2024 are spread across 130 countries comprising 49 African States (90 per cent of all African countries), 41 countries in the Asia-Pacific region (75 per cent of Asia-Pacific countries), 32 countries in Latin America and the Caribbean (97 per cent of countries in Latin America and the Caribbean) and 8 countries in Eastern Europe (89 per cent of the Eastern European countries that are eligible for GCF funding).

8. During the reporting period, seven projects/programmes amounting to USD 248 million began implementation. Therefore, as at 31 August 2024, 231 projects/programmes amounting to USD 12.4 billion were under implementation, accounting for 83 per cent of the total approved funding and 86 per cent of the total number of approved projects/programmes. For the remainder of 2024, the cumulative number of projects/programmes under implementation is expected to increase further to between 238 and 252.

9. As at 31 August 2024, cumulative disbursements had reached USD 4.6 billion (37 per cent of the total of approved funding and 36 per cent of the total portfolio under implementation). This includes the disbursements made within the current reporting period, which amount to USD 317 million across 49 projects/programmes. This constitutes 77 per cent of the lower and 54 per cent of the upper annual target for 2024. These figures are comparable to the same period in 2023, when year-to-date disbursements were USD 634 million, or 87 per cent of the lower and 60 per cent of the upper annual target for 2023. Disbursement performance for the reporting period indicates that the portfolio is on track to achieve its 2024 disbursement forecast.

10. Of the current GCF portfolio of 270 projects/programmes, 80 amounting to USD 4.8 billion were approved under the GCF Integrated Results Management Framework (IRMF), which in turn helps the Secretariat to more systematically track results from GCF investments. Of the 80 IRMF projects/programmes approved to date, 45 amounting to USD 2.8 billion had reached implementation stage as at 31 August 2024, with the first batch of 11 IRMF projects/programmes submitting their annual performance reports for 2023. The Secretariat is currently reviewing the results reported by the AEs in these submissions and is on track to report the aggregated results achieved in the annual portfolio performance report for 2023 to be submitted to the Board at B.40.

11. In terms of the Readiness Programme portfolio, which is guided by the Readiness Programme strategy for 2019–2021 (decision B.22/11) and the work programme and budget for 2022–2023 (decision B.33/04), 3 readiness grants inclusive of technical grants were approved during this reporting period, including 44 awaiting finalization of legal agreements. This brings the Readiness Programme portfolio to a total of 799 approved grants with a funding amount of USD 635 million in 142 countries. Of these, 751 grants amounting to USD 632 million are grant based readiness support, while the remaining USD 3 million for 48 grants is allocated to technical assistance (TA).⁴ Meanwhile, preparatory work for the Readiness Programme

⁴ See the Readiness Programme annual report on implementation 2023 (document GCF/B.40/Inf.05) for further information on TA.

strategy for 2024–2027 (which became effective on 1 April 2024) and its operating modalities has started, including the development and operationalization of the revised Readiness Results Management Framework (RRMF). Moreover, the readiness toolbox comprising templates and guidelines to access GCF readiness resources under the new Readiness Programme operational modalities are planned to be launched to external stakeholders on 24 September 2024.

12. The Readiness Programme portfolio is maturing, with an increased number of completion and closures. Of the 751 projects approved to date, 224 grants have been closed (30 per cent),⁵ 18 have been cancelled (2 per cent), 44 are pending finalization of legal agreements (6 per cent), 254 are under active implementation (34 per cent) and 211 (28 per cent) are expired (implementation period ended) and are in the closure process.

13. The Readiness Programme grants directed towards the formulation of national adaptation plans (NAPs) account for 40 per cent of the total approved funding. The number of NAP grants grew from 111 (USD 248 million) in the previous reporting period to 113 (USD 253 million) in the current, across 102 countries, with 8 countries having more than one adaptation planning proposal approved following a phased/sectoral approach, namely Belize (3), Bosnia and Herzegovina (2), Chile (4), Jamaica (2), Lao People’s Democratic Republic (2), Republic of Moldova (2), Saint Lucia (2) and Tunisia (2). The remaining 60 per cent (USD 379 million of approved readiness funding) consists of 638 non-NAP grants benefiting 142 countries.

14. For this reporting period, disbursements under the Readiness Programme increased from USD 372 million to USD 409 million. This cumulative disbursement amount of USD 409 million represents 65 per cent of the USD 632 million approved readiness-based funding amount.

15. Further details on the initiatives undertaken during this reporting period to enhance the implementation and monitoring of GCF portfolios can be found in the report on the activities of the Secretariat (objective 2, “Delivering impact and results”).

III. Status and trends of the GCF portfolio of the Readiness and Preparatory Support Programme, the Project Preparation Facility and funded activities

3.1 Readiness and Preparatory Support Programme

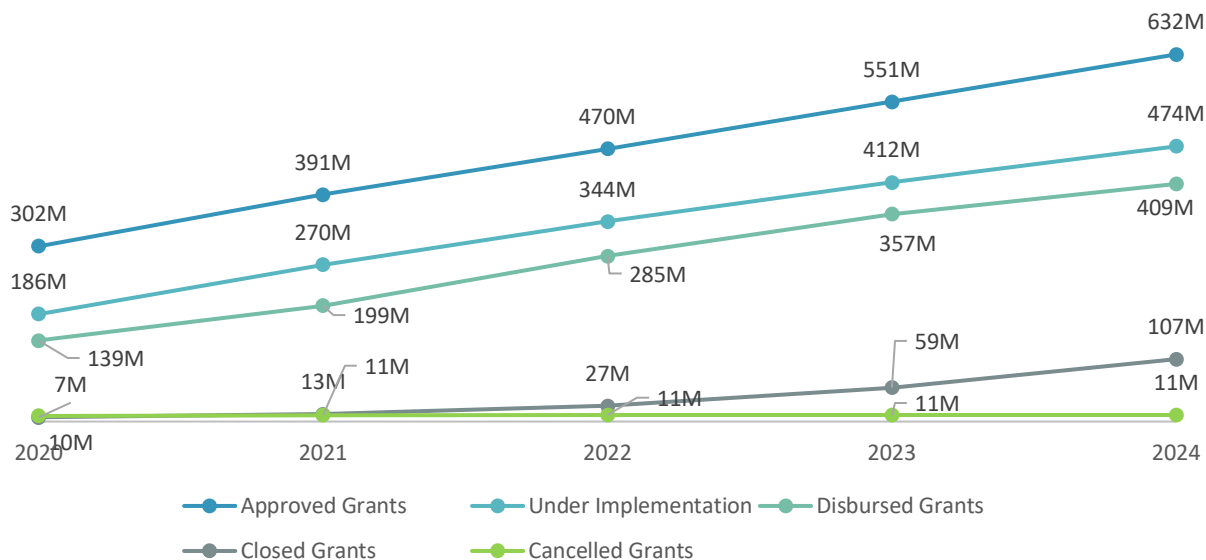
3.1.1. Status and trends of approvals from 2015 to 2024 (as at 31 August 2024)

16. Figure 1 shows a growing trend for the Readiness Programme portfolio, currently valued at USD 632 million. In terms of the distribution of approved funding, a total of USD 409 million (or 75 per cent) out of 474 million for the readiness grants under implementation has been disbursed. The 224 closed grants account for USD 107.49 million (13 per cent) of the total approved amount of USD 632 million. From 2020 until 31 August 2024, the portfolio experienced a steady increase in the disbursement as a percentage of the total approved amount; the disbursement rate was 48 per cent in 2020, which gradually increased to 53 per cent in 2021. From 2022 to the end of the reporting period, the disbursement rate rose above

⁵ Closed grants are grants which have completed grant activities and finalized all reporting obligations (completion reports, final audits), including disbursements/refunds as applicable.

60 per cent; this may be attributed to efficiency measures, including the transition towards annual disbursement requests from 2023 onward.

Figure 1: Key information on the Readiness and Preparatory Support Programme

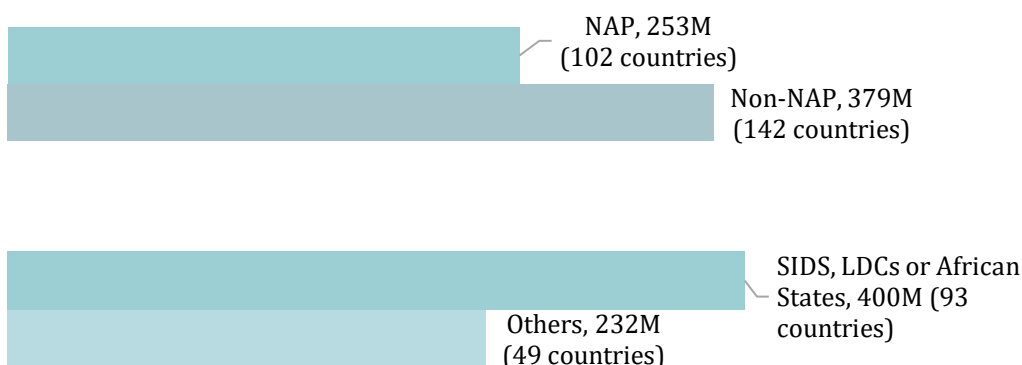


Note: Under implementation = grants which are still legally effective, including expired grants which are advancing through the closure process; closed = grants which have completed grant activities and finalized all reporting obligations (completion reports, final audits), including disbursements/refunds as applicable; approved = all grants which have been issued as formal notification of approval from GCF; disbursed = all grants which have received a disbursement, including those which are closed and/or cancelled.

Abbreviation: M = million.

17. NAP versus non-NAP support: as shown in figure 2, as at 31 August 2024, USD 253 million or 40 per cent of the total approved funding of USD 632 million for the Readiness Programme was allocated towards 113 grants related to NAPs in 102 countries. This represents a 2 per cent increase from the previous reporting period. The remaining 60 per cent of funding, or USD 379 million, supports 638 non-NAP grants in 142 countries.

Figure 2: Readiness and Preparatory Support Programme by key dimensions (in USD)



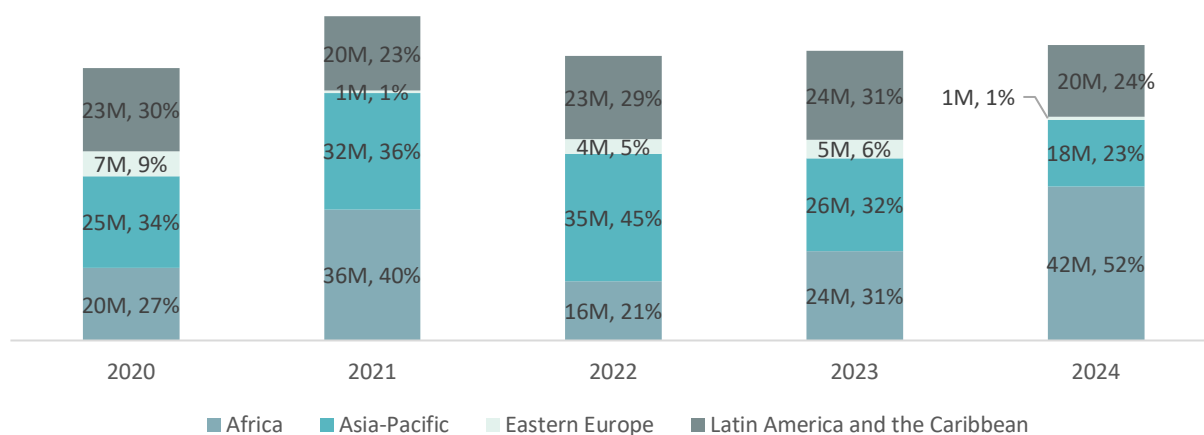
Abbreviations: LDCs = least developed countries, M = million, NAP = national adaptation plan, SIDS = small island developing States.

18. GCF has consistently maintained its strong support to vulnerable countries in the light of the increasing climate-driven challenges faced by the least developed countries (LDCs), small island developing States (SIDS) and African States. Out of the 142 countries with grant-based support from the Readiness Programme, 93 are classified as LDCs, SIDS or African States. These countries have received USD 400 million or 63 per cent (compared with the target of 50 per cent) of the total approved support (figure 2), with USD 175 million in 38 countries being allocated specifically for SIDS.

19. Between 2020 and 2024, the annual volume of Readiness Programme funding (for both NAP and non-NAP support) has ranged between USD 75 million and USD 89 million. The considerable increase in Readiness Programme funding over 2020–2024 for the African States illustrates the continuing capacity-building and support needs of the region, whereas the Asia-Pacific region is experiencing a gradual reduction. Figure 3 shows the regional distribution of Readiness Programme funding for both NAP and non-NAP activities for 2020–2024. As at 31 August 2024, 40 multi-country readiness grants amounting to USD 78.5 million had been approved, addressing transboundary issues while fostering regional cooperation. Latin America and the Caribbean is the region with the most multi-country grants, amounting to USD 30.2 million in approved funding, hence there is no change from the previous reporting period.

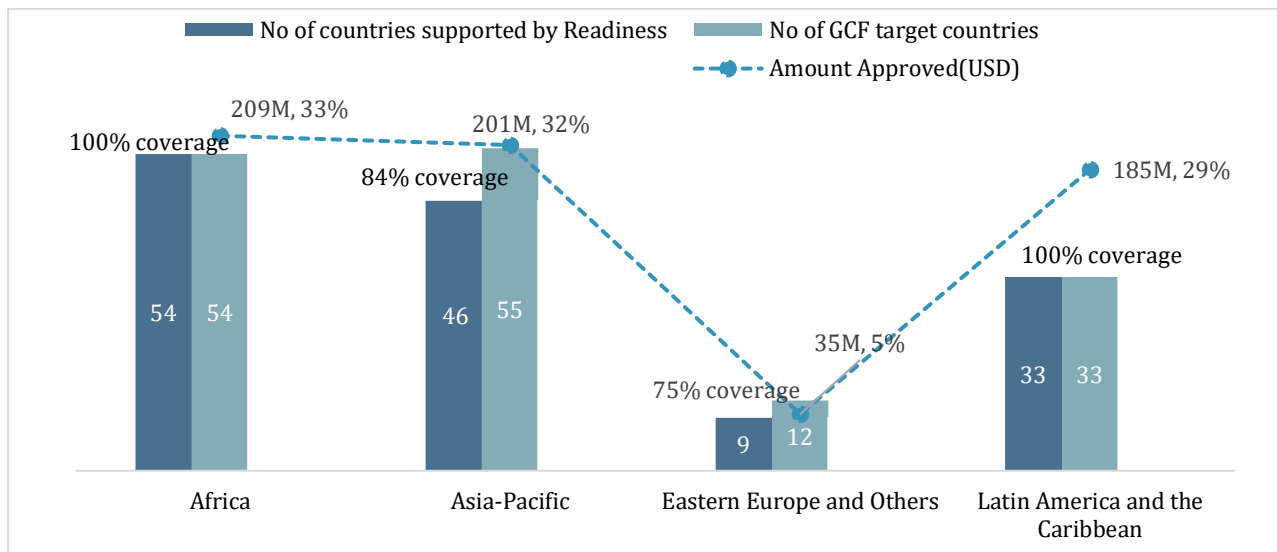
20. Focusing on the current reporting period, the African States received the largest share of funding for both NAP (USD 11 million) and non-NAP (USD 31 million) grants, accounting for USD 42 million or 52 per cent of the total (see figure 3). This is followed by Latin America and the Caribbean (USD 20 million or 24 per cent), the Asia-Pacific region (USD 18 million or 23 per cent) and Eastern Europe (USD 1 million or 1 per cent).

Figure 3: Trend in regional distribution of the Readiness and Preparatory Support Programme funding (national adaptation plan and non-national adaptation plan) approved by approval year (in USD)



Abbreviation: M = million.

Figure 4: Regional distribution of funding approved amount (in USD) and percentage coverage of countries supported by readiness funding versus the number of GCF target countries as at 31 August 2024



Abbreviation: M = million.

21. As illustrated in figure 4, as at 31 August 2024 the African States had received 33 per cent of the total approved funding, or USD 209 million, in 54 countries cumulatively (an increase of 2 per cent or USD 4 million from the previous reporting period). The Asia-Pacific region received 32 per cent of the total approved funding, or USD 201 million, in 46 countries (a 2 per cent increase or USD 3 million since the previous reporting period). Latin America and the Caribbean received 29 per cent of the total approved funding or USD 185 million in 33 countries (1 per cent increase, or USD 1 million since the last reporting period). Eastern Europe received 5 per cent of the total approved funding, or USD 35 million in nine countries.⁶

3.1.3. Implementation and completion

22. During the reporting period, 3 readiness grants were approved, thereby bringing the total number of readiness-based grants to 751 as at 31 August 2024. Over the same period, the value of disbursements increased by 9 per cent from USD 372 million to USD 409 million.

23. Application of the RRMF has continued during this period, with 41 new Readiness Programme proposals having successfully applied the RRMF during the proposal development stage since its official roll-out on 5 May 2023. In addition, as at 31 August 2024, 307 annual progress reports for 2023 and completion reports containing progress data against the RRMF had been submitted for grants under the existing portfolio and the Secretariat had received a total of 107 completion reports and associated final deliverables. This in turn increased the number of grants closed from 209 to 224 during the reporting period. The collated results from the 2023 annual performance reports and completed grants will be reported to the Board at B.40 as part of the Readiness Programme annual report.

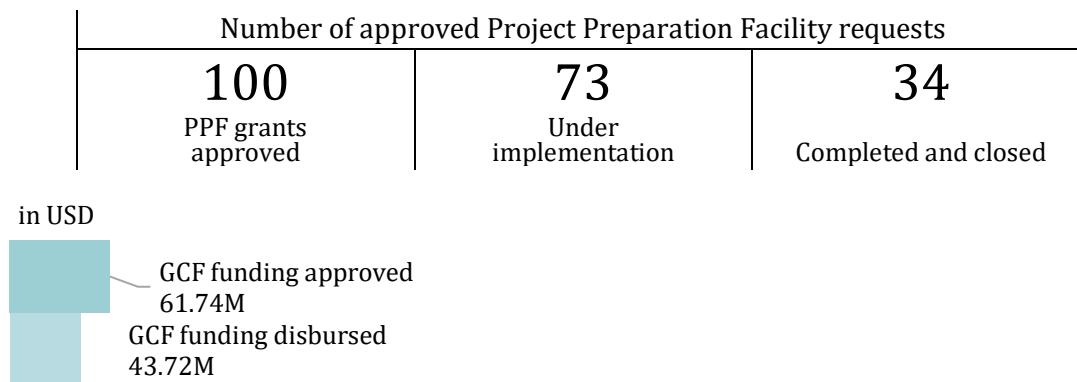
⁶ Note that USD 35 million consists of 41 single country grants and excludes a multi-country grant in the region.

3.2 Project Preparation Facility

3.2.1. Status and trends of approvals from 2015 to 2024 (as at 31 August 2024)

24. The PPF supports AEs – particularly direct access entities (DAEs) and small-scale projects – in their preparation of projects/programmes with GCF through funding proposal development and technical assistance (TA). As at 31 August 2024, GCF had approved 100 PPF requests: 69 funding, 19 service requests and 12 TA deployments, amounting to USD 62 million and benefiting 55 AEs. The majority (71 per cent) of the approved funds or USD 44 million had been disbursed as at 31 August 2024, as shown in figure 5.

Figure 5: Key information on the Project Preparation Facility



Abbreviations: M = million, PPF = Project Preparation Facility.

Note: Under implementation = grants which are still legally effective, including expired grants which are advancing through the closure process; closed = grants which have completed activities under PPF and finalized all reporting obligations (completion reports, final audits), including disbursements/refunds as applicable; approved = all PPF grants which have been issued a formal notification of approval from GCF; disbursed = all grants which have received a disbursement, including those which are closed and/or cancelled.

3.2.2. Implementation and completion

25. PPF portfolio implementation is progressing, albeit with delays resulting in 71 approved no-cost extension requests submitted by AEs, relating to 61 PPF funding requests, 9 PPF service requests and 1 for TA. Extensions typically relate to additional time needed by AEs and technical partners for data collection, data validation, stakeholder engagements and finalizing funding proposal submissions following receipt of comments from reviews by the Secretariat and the independent Technical Advisory Panel. In addition, 36 no-cost extensions (or 51 per cent) of the total 71 no-cost extension requested cumulatively were related to the coronavirus disease 2019 pandemic. As at 31 August 2024, USD 0.9 million had been refunded from 12 completed PPF grants. Among those 12 completed grants, the refunded resources amount to an average of 10 per cent of the disbursed funds among those 12 completed grants. This indicates that some AEs have efficiently implemented the PPF grants below the approved budgets with significant cost savings.

26. As at 31 August 2024, total number of Board-approved funding proposals supported by PPF stands at 34. The cumulative PPF funding commitment of USD 18.2 million has unlocked total climate finance of USD 6.68 billion, including GCF finance of USD 2.14 billion to date. Four funding proposals supported by the PPF were approved at B.39, amounting USD 1.93 million in PPF funding, which unlocked total climate finance of USD 337.92 million including GCF finance of USD 195.75 million. Two funding proposals supported by PPF are expected to be presented

to the Board at B40. In addition, 15 funding proposals supported by the PPF have been submitted to the Secretariat and are in different stages of review.

3.3 Funded activities

3.3.1. Progress towards the portfolio targets and allocation parameters

27. As reported in the final report on the implementation of the updated Strategic Plan for the GCF 2020–2023⁷ submitted to the Board at B.38, GCF has met most of the portfolio-level strategic objectives set by the Board for 2020–2023, including consistently surpassing the minimum floor of 50 per cent adaptation allocation for SIDS, LDCs and African States.

28. Building on the GCF-1 achievement, the updated Strategic Plan for the GCF 2024–2027 introduced the renewed focus on the following programming priorities for funded activities:

- (a) **Mitigation and adaptation:** Supporting paradigm shifts across sectors while maintaining a 50:50 balance over time between adaptation and mitigation funding, capturing synergies and addressing trade-offs through cross-cutting projects and programmes that help to advance just transitions;
- (b) **Adaptation:** Addressing urgent and immediate adaptation and resilience needs for particularly vulnerable countries, GCF will maintain a floor of at least 50 per cent of the adaptation allocation to developing countries that are particularly vulnerable to the adverse effects of climate change, including SIDS, LDCs and African States; and
- (c) **Private sector:** Promoting innovation and catalysing green financing while increasing the share of funding allocated through the Private Sector Facility compared with GCF-1.

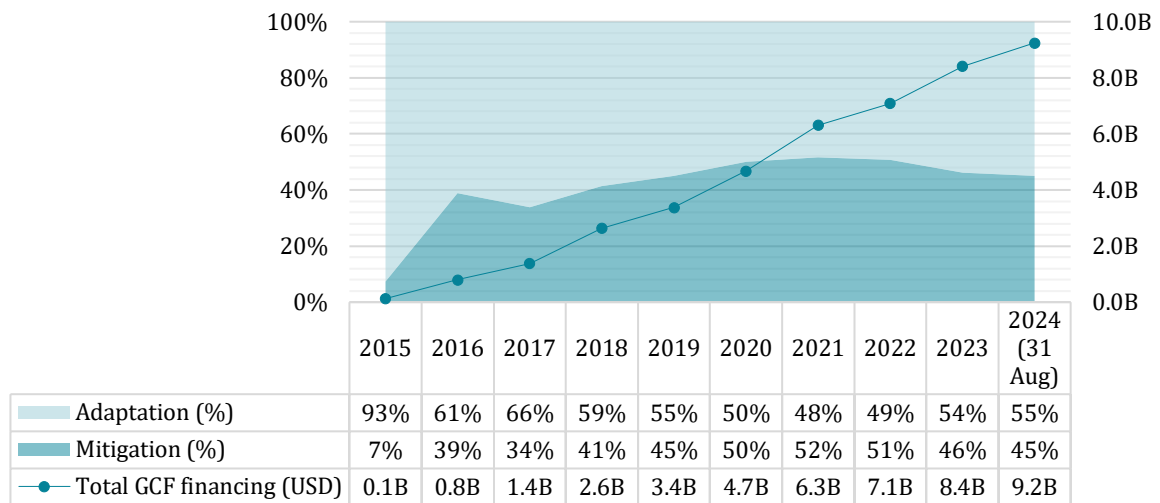
29. The updated Strategic Plan for the GCF 2024–2027 sets targeted results for its strategic period for the first time by establishing and tracking 11 indicators covering key thematic and sectoral targets, including support to DAEs, and targets for sector-based investments in climate information early warning systems, food systems, ecosystems and clean energy. Reporting methodologies for these indicators are currently being refined within the Secretariat, which in turn will help GCF to report against these targets on an annual basis during GCF-2.

3.3.2. Balance of adaptation and mitigation funding

30. Noting that the balance of allocation will shift from Board meeting to Board meeting depending on the number and size of projects presented in each theme, the mitigation and adaptation allocation balance of the portfolio as at 31 August 2024 was around 45:55 in grant equivalent terms compared with the target allocation of 50:50 between mitigation and adaptation (figure 6).

⁷ GCF/B.38/Inf.01/Add.04.

Figure 6: Balance of adaptation and mitigation funding over time (in grant equivalent terms)



Abbreviation: B = billion.

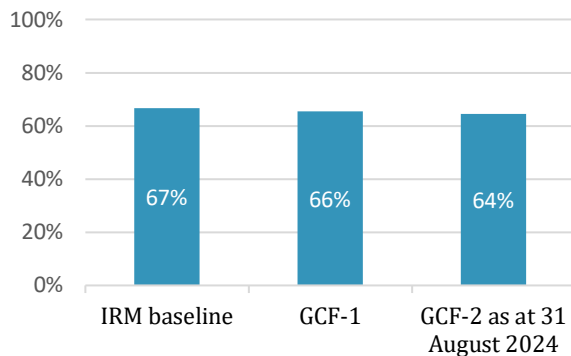
3.3.3. Adaptation funding to the least developed countries, small island developing States and African States

31. Since the Board’s first project approvals in 2015, adaptation funding allocation to vulnerable countries comprising LDCs, SIDS and African States has remained considerably above the floor of 50 per cent in grant equivalent terms, currently 64 per cent, compared with the initial results mobilization (IRM)⁸ allocation of 67 per cent and the GCF-1 allocation of 66 per cent (see figure 7).⁹ The current portfolio amounted to USD 3.3 billion of grant equivalent allocated to 88 of these countries as at 31 August 2024.

⁸ The initial IRM reference level as per the updated Strategic Plan for the GCF 2020–2023 (i.e. as at 31 December 2019) is 67 per cent.

⁹ Note that the variation in the IRM figure starting from the previous reporting period is due to the removal of Bhutan from data (FP050, FP107) because Bhutan officially exited the list of LDCs on 13 December 2023.

Figure 7: Adaptation funding allocation to small island developing States, the least developed countries and African States by GCF resource mobilization periods (in grant equivalent terms)¹⁰

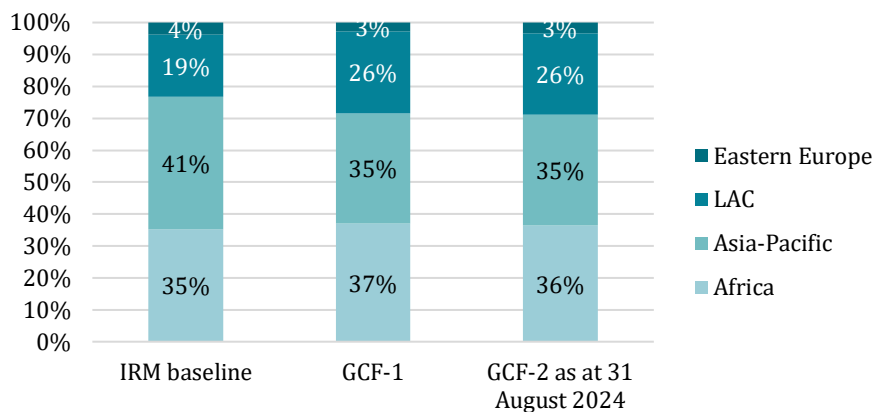


Abbreviations: GCF-1 = first replenishment period of GCF, GCF-2 = second replenishment period of GCF, IRM = initial resource mobilization.

3.3.4. Geographical balance of funding

32. As at 31 August 2024, the regional allocation of funding remains consistent with GCF-1, with African States followed by the Asia-Pacific region receiving the largest allocations in grant equivalent terms. The funding benefits a total of 129 countries across the four regions (see figure 8).

Figure 8: Geographical balance of funding by GCF resource mobilization periods (in grant equivalent terms)¹¹



Abbreviations: GCF-1 = first replenishment period of GCF, GCF-2 = second replenishment period of GCF, IRM = initial resource mobilization, LAC = Latin America and the Caribbean.

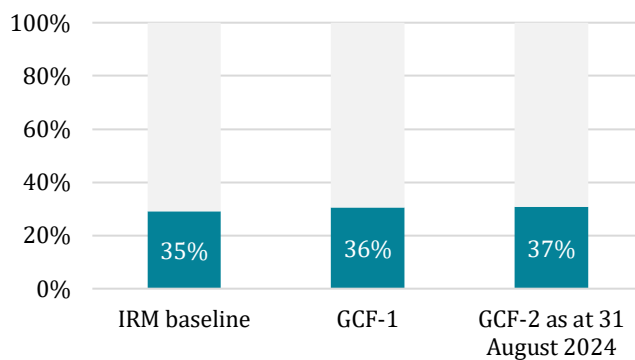
¹⁰ Each mobilization period in the bar chart reflects a cumulative percentage figure as at IRM and GCF-1 end dates (31 December 2019 and 31 December 2023 respectively). Similarly, the bar for GCF-2 reflects a cumulative percentage figure as at 31 August 2024.

¹¹ Each mobilization period in the bar chart reflects a cumulative percentage figure as at IRM and GCF-1 end dates (31 December 2019 and 31 December 2023 respectively). Similarly, the bar for GCF-2 reflects a cumulative percentage figure as at 31 August 2024.

3.3.5. Allocation to the Private Sector Facility

33. As at 31 August 2024, the approved Private Sector Facility portfolio accounted for 37 per cent of the total portfolio, in nominal terms (see figure 9), marginally increasing from the IRM baseline¹² of 35 per cent of the portfolio. In terms of grant equivalent terms, it accounted for 16 per cent of the total portfolio during the IRM period and 18 per cent of the total portfolio during both GCF-1 and GCF-2.

Figure 9: Allocation to the Private Sector Facility



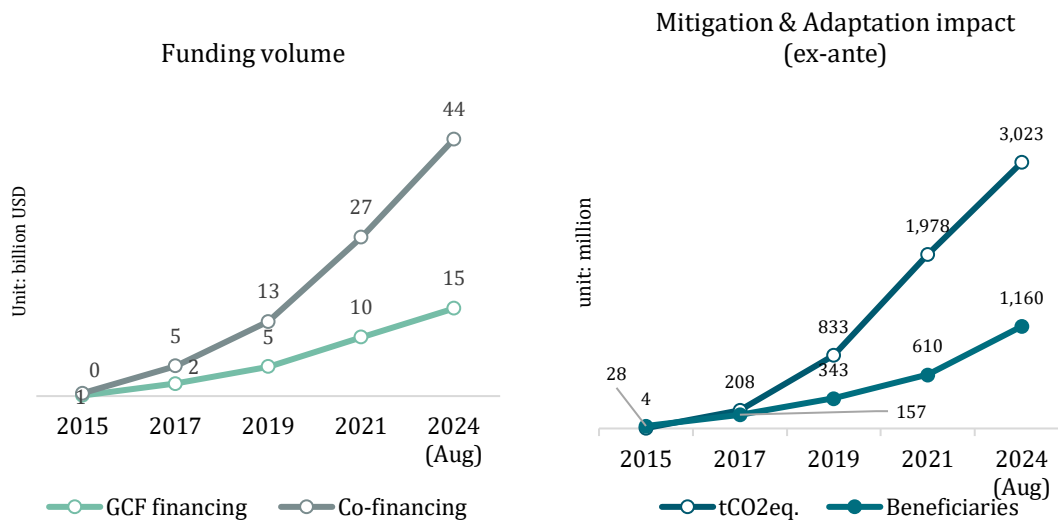
Abbreviations: GCF-1 = first replenishment period of GCF, GCF-2 = second replenishment period of GCF, IRM = initial resource mobilization.

3.3.6. Status and trends of approvals from 2015 to 2024 (as at 31 August 2024)

34. Figure 10 shows the growth of the GCF portfolio over 10 years in terms of funding and expected climate-related results/impacts. Based mostly on projections provided at funding proposal approval, AEs expect to mobilize 2.8 times the size of GCF investments in co-financing towards achieving both the mitigation and the adaptation targets. In terms of the mitigation impacts, greenhouse gas emissions are estimated to be reduced by 3.0 million tonnes of carbon dioxide equivalent and 1.1 billion adaptation beneficiaries are expected to receive climate adaptation benefits from the current portfolio of USD 51 billion in funding, including the USD 39 million co-financing amount.

¹² The IRM reference level as per the updated Strategic Plan for the GCF 2020–2023 (i.e. as at 31 December 2019) was 19 per cent; this revision is made taking into account the lapsed projects during the interim period.

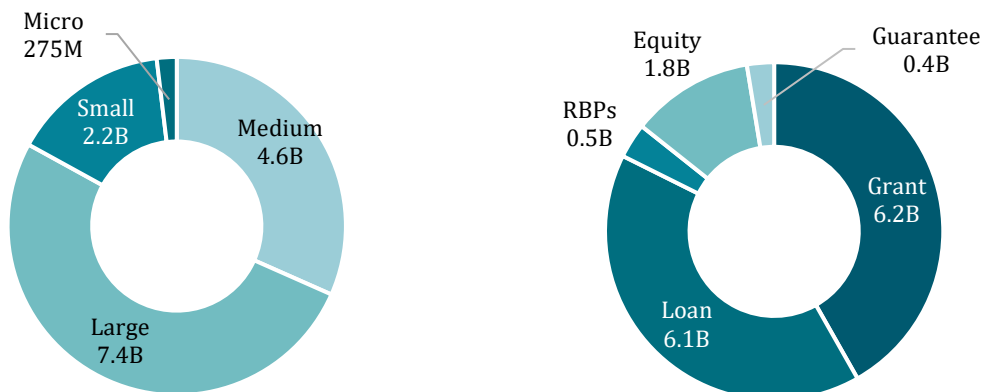
Figure 10: GCF portfolio 2015–2024 (as at 31 August 2024)



Note: The initial resource mobilization period covers the initial four years from 2015 to 2019. The first replenishment period of GCF ranges from 2020 to 2023 and the second replenishment period ranges from 2024 to 2027.

35. The majority of GCF projects are of large or medium size.¹³ Mitigation projects/programmes are largely financed by non-grant instruments such as loans and equity, while adaptation projects/programmes are largely financed through grant instruments. Figures 11 and 12 show GCF funding broken down by project size and financial instrument and by sector and theme respectively.

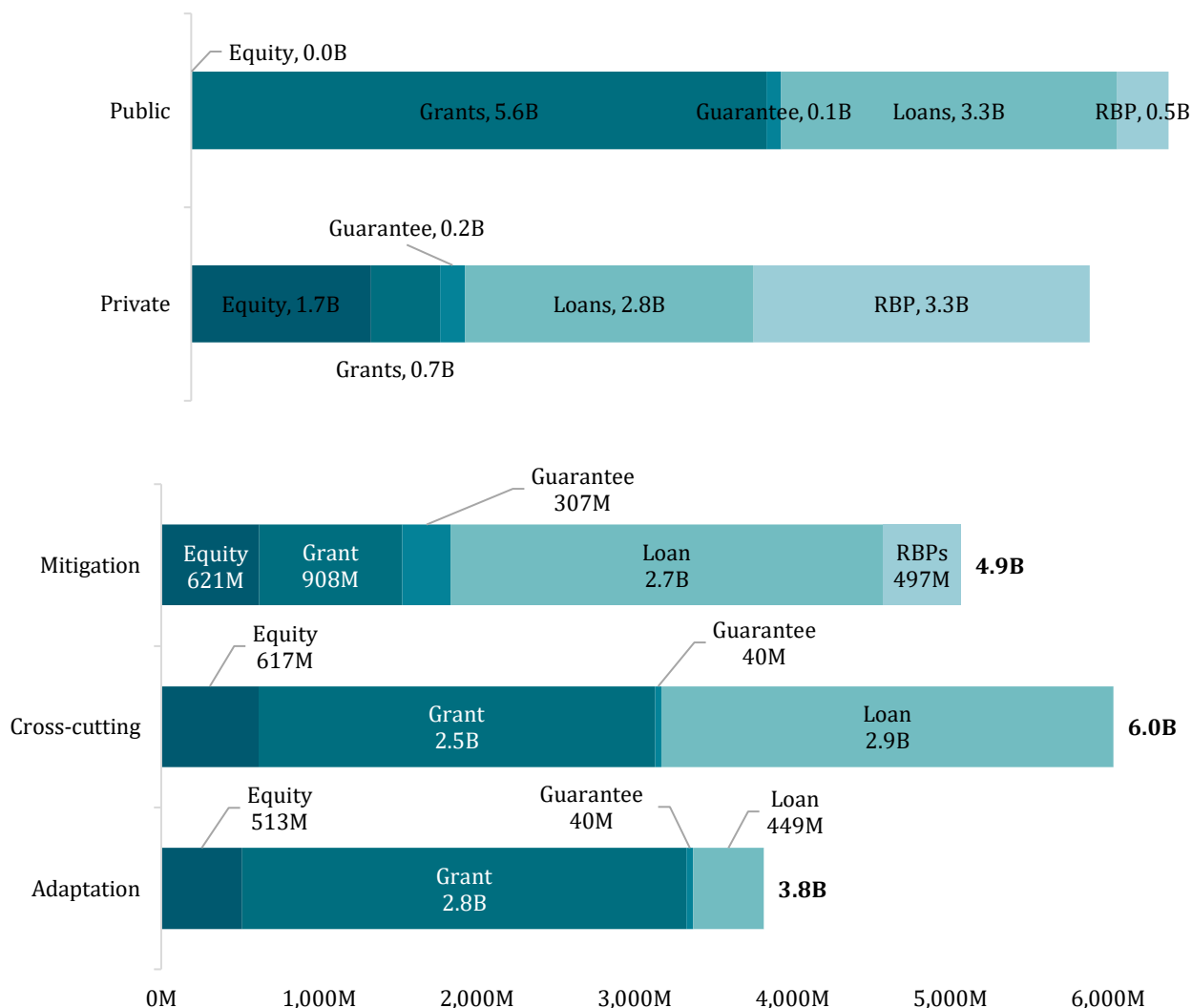
Figure 11: Project size and financial instrument by GCF funding (in USD)



Abbreviations: B = billion, M = million, RBPs = results-based payments.

¹³ “Large” is defined as an individual project or programme where the total projected costs as agreed by the parties at the time of submission of the funding proposal to the Board, irrespective of the portion that is funded by GCF, are above USD 250 million; “medium” is defined as an individual project or programme where the maximum total projected costs as agreed by the parties at the time of submission of the funding proposal to the Board, irrespective of the portion that is funded by GCF, are above USD 50 million and up to and including USD 250 million.

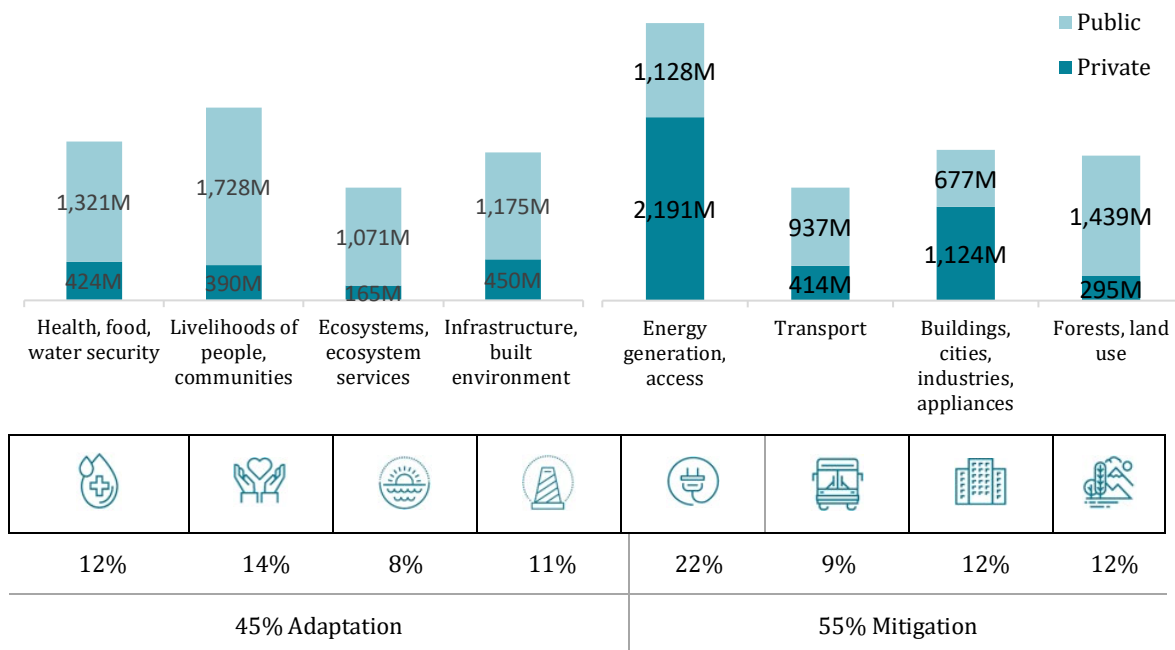
Figure 12: Distribution of financial instruments by sector and theme (in USD)



Abbreviations: B = billion, M = million, RBP = results-based payment.

36. A greater share of funding for the private sector continues to be invested in energy generation and energy access via use of non-grant instruments such as loans and equity. Public sector investment is more evenly distributed, with the livelihoods of people and communities accounting for the largest share (see figure 13).

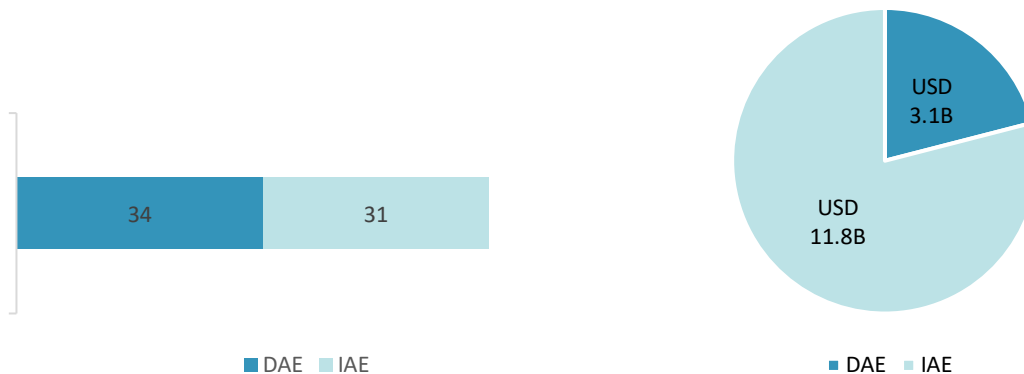
Figure 13: GCF funding by results area and sector (in USD, nominal terms)



Abbreviations: B = billion, M = million.

37. The number of DAEs with approved projects is slightly greater than the number of international accredited entities (IAEs). However, IAEs account for 79 per cent of approved funding owing to their larger project sizes (figure 14). Out of the total approved GCF funding of USD 14.9 billion, USD 3.1 billion was channelled through DAEs, while 11.8 billion was channelled through IAEs. Of the total funding volume for projects under implementation (USD 12.3 billion), USD 2.3 billion was channelled through DAEs and USD 10.0 billion was channelled through IAEs.

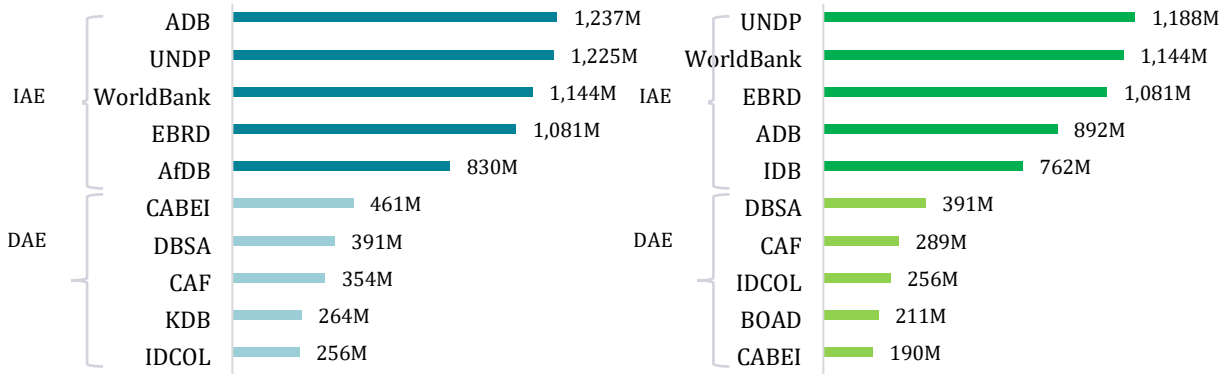
Figure 14: Number of entities with approved GCF projects (left) and funding allocation (right) by entity type



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

38. Figure 15 illustrates the top five cumulative recipients of GCF funding and the top five portfolio under implementation by entity type (i.e. IAE and DAE) as at 31 August 2024. The figures are cumulative and include the IRM, GCF-1 and GCF-2 funding.

Figure 15: The top five recipients of GCF funding by international access entity and direct access entity (left, IAEs first) and the top five portfolio under implementation (right, IAE first) by access modality of accredited entities (in USD)

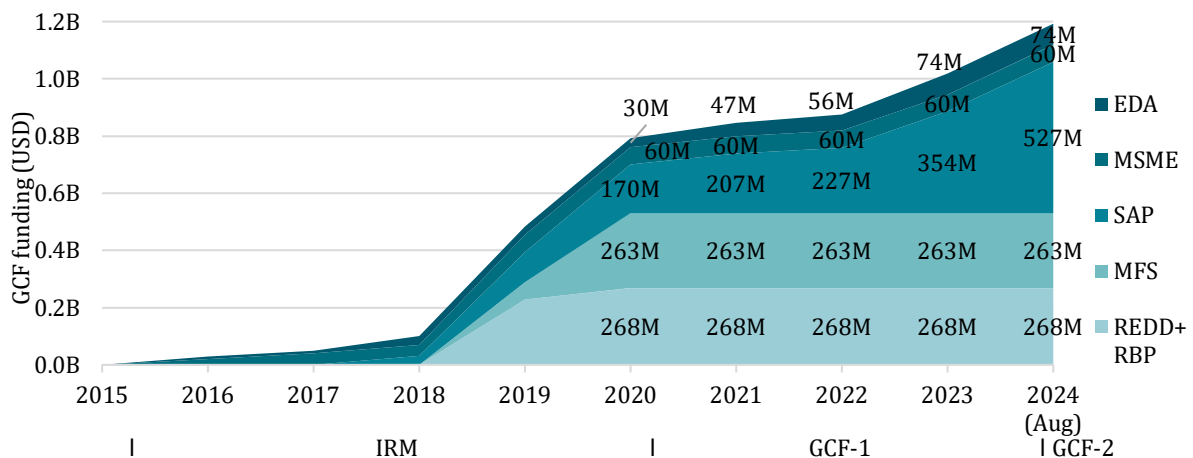


Abbreviations: ADB = Asian Development Bank, AfDB = African Development Bank, BOAD = Banque ouest africaine de développement (West African Development Bank), CABEI = Central American Bank for Economic Integration, CAF = Corporación Andina de Fomento (Development Bank of Latin America), DAE = direct access entity, DBSA = Development Bank of Southern Africa, EBRD = European Bank for Reconstruction and Development, IAE = international access entity, IDB = Inter-American Development Bank, IDCOL = Infrastructure Development Company Limited, KDB = Korea Development Bank, M = million, UNDP = United Nations Development Programme.

Note: World Bank comprises the International Bank for Reconstruction and Development and the International Development Association.

39. In terms of GCF financing through other funding modalities, approvals under the simplified approval process and enhancing direct access have increased while others have remained unchanged (see figure 16).

Figure 16: GCF financing through other funding modalities, 2015–2024 (as at 31 August 2024) (cumulative)

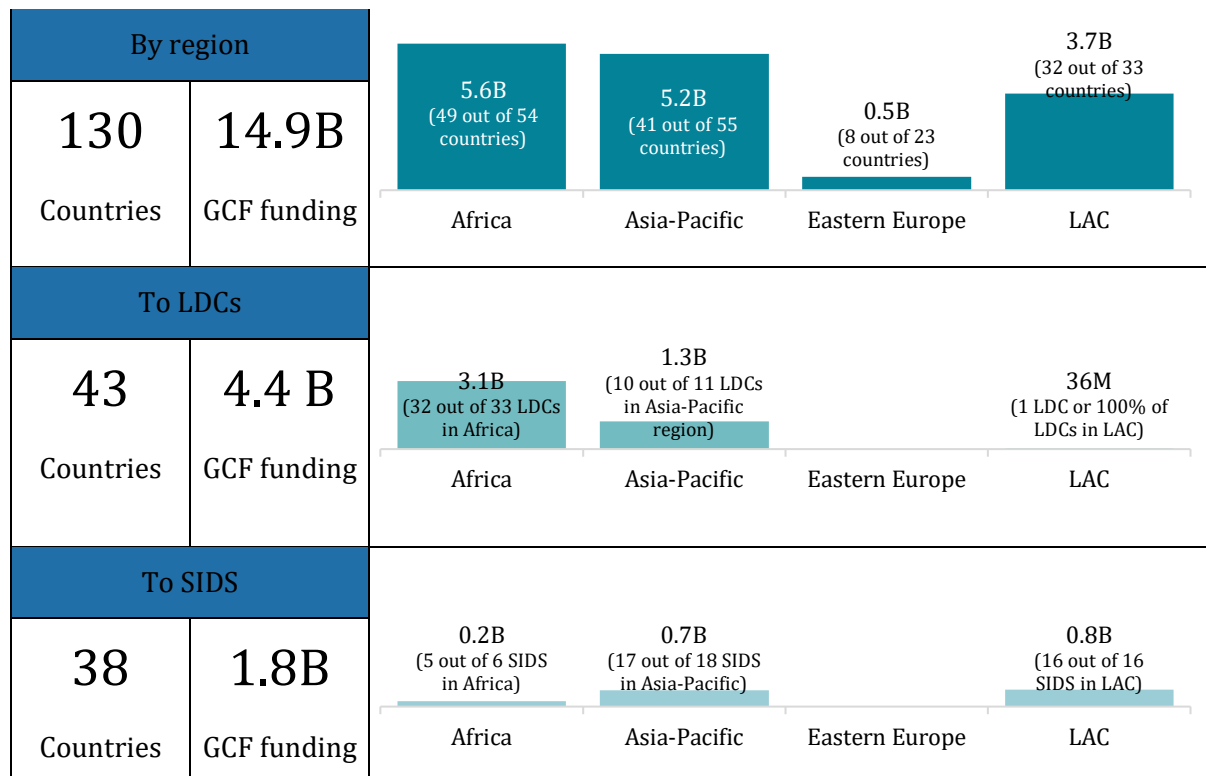


Abbreviations: B = billion, EDA = enhancing direct access, GCF-1 = first replenishment period of GCF, GCF-2 = second replenishment period of GCF, IRM = initial resource mobilization, M = million, MFS = mobilizing funds at scale, MSME = micro, small and medium-sized enterprises, RBP = results-based payments, SAP = simplified approval process.

3.3.7. Status and trends of approvals for the least developed countries and small island developing States from 2015 to 2024 (as at 31 August 2024)

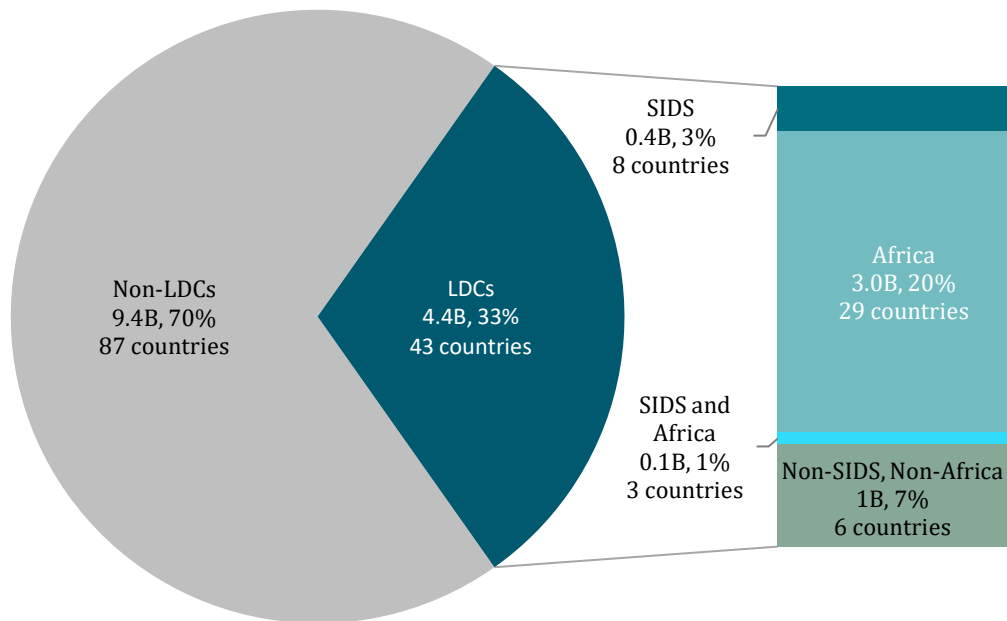
40. Figures 17–20 provide snapshot information of GCF funding allocated to LDCs and SIDS.

Figure 17: GCF funding in nominal terms by region, least developed countries and small island developing States



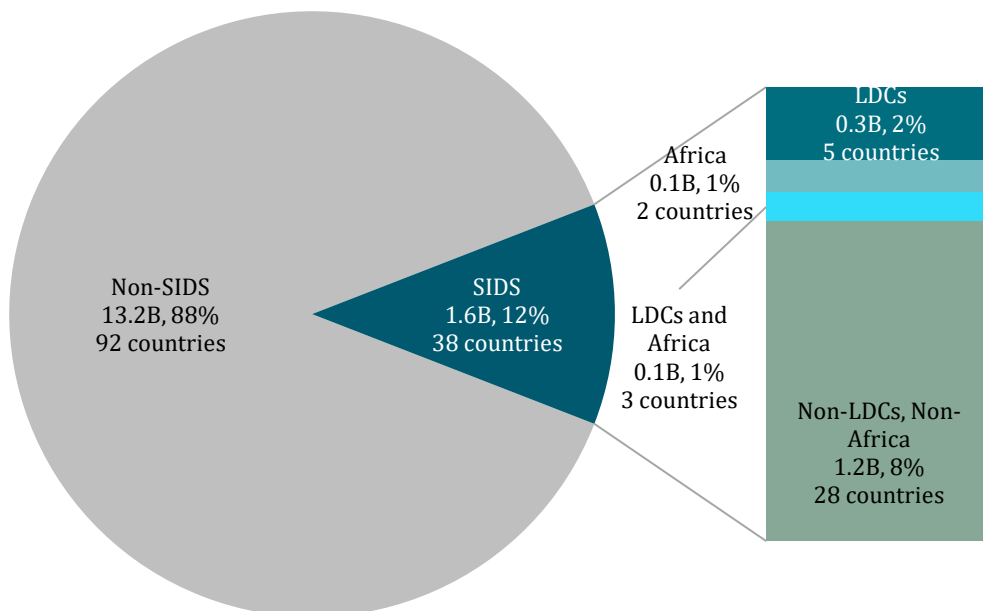
Abbreviations: B = billion, LAC = Latin America and the Caribbean, LDCs = least developed countries, M = million, SIDS = small island developing States.

Figure 18: Distribution of the approved amount of GCF funding among the least developed countries



Abbreviations: B = billion, LDCs = least developed countries, SIDS = small island developing States.

Figure 19: Distribution of the approved amount of GCF funding among small island developing States

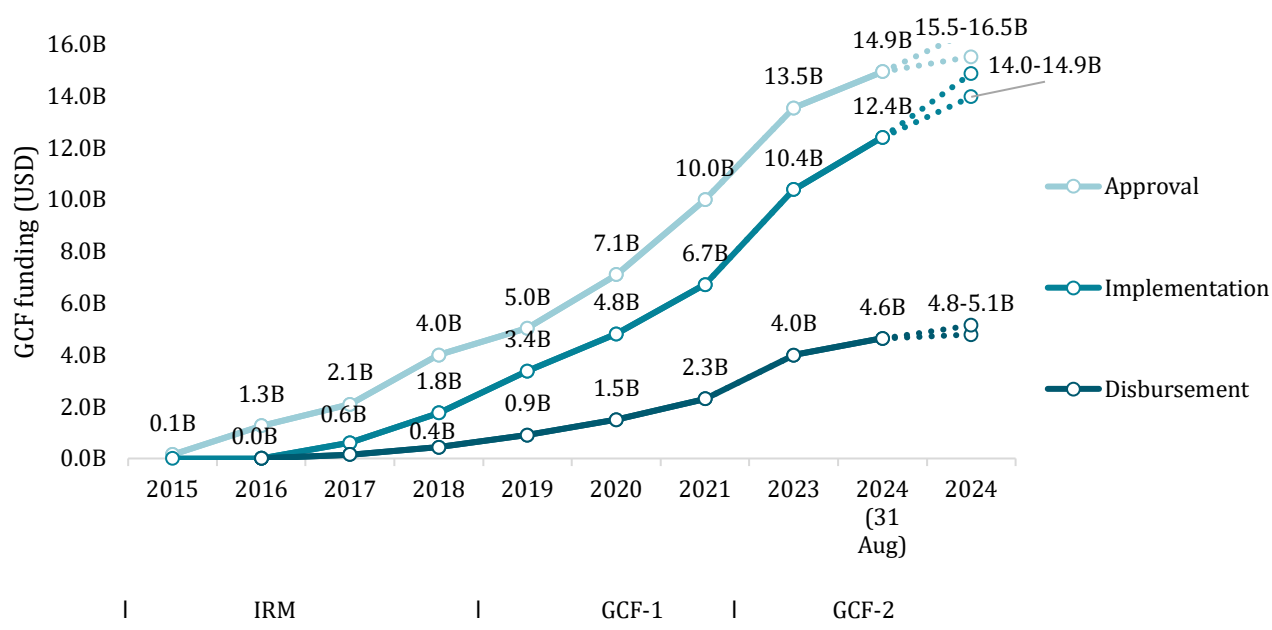


Abbreviations: LDCs = least developed countries, SIDS = small island developing States.

3.3.8. Projects under implementation

41. During the reporting period, USD 615 million has been disbursed, supported by the Secretariat’s close engagement with AEs and deployment of adaptive management measures to facilitate implementation (see figure 20). This is in line with the annual disbursement target of USD 800 million to USD 1,150 million set in the 2024 work programme of the Secretariat. This brings the cumulative disbursed amount to USD 4.6 billion as at 31 August 2024. This cumulative disbursement amount is expected to rise to between USD 4.8 billion and USD 5.1 billion by the end of 2024.

Figure 20: Portfolio implementation and disbursement, 2015–2024 (cumulative)



Abbreviations: B = billion, GCF-1 = first replenishment period of GCF, GCF-2 = second replenishment period of GCF, IRM = initial resource mobilization.

42. During the reporting period, investment income and funds reflowed from projects under implementation amounted to USD 112 million comprising principal repayments of USD 70.7 million, interest payments of USD 12.0 million, investment income of USD 28.2 million and paid fees¹⁴ in the amount of USD 1.2 million (figure 21). This brings the total cumulative investment income and funds reflowed to USD 309 million.

¹⁴ This includes commitment fees, service fees, front-end fees and other fees as per the respective funded activity agreements.

Figure 21: Breakdown of reflowed amount from projects under implementation (in USD) for 1 January to 31 August 2024



Abbreviation: M = million.

IV. Overview of fulfilment of conditions and current challenges of the portfolio

4.1 Overview of fulfilment of conditions

43. The distribution of the portfolio across the various stages of post-approval processing is illustrated in figure 22. Of the 270 projects/programmes approved to date, 39 projects (14 per cent) are at the pre-implementation stage with pending execution or effectiveness of the funded activity agreement, while the majority (86 per cent) of the approved projects/programmes are either under Stage 4 (disbursing) or Stage 5 (fully disbursed). In addition, during the reporting period, seven projects/programmes entered the implementation stage. It is estimated that an additional three to seven new projects/programmes will transition into the implementation phase during the remainder of 2024. Cumulatively, two projects¹⁵ have been completed, and the Secretariat expects to see around 20 projects/programmes reaching completion by the end of 2024.

44. As at 31 August 2024, 41 projects/programmes, including two completed projects, had received full disbursements amounting to USD 1.5 billion.

Figure 22: Number of projects and GCF funding by stage (in USD)

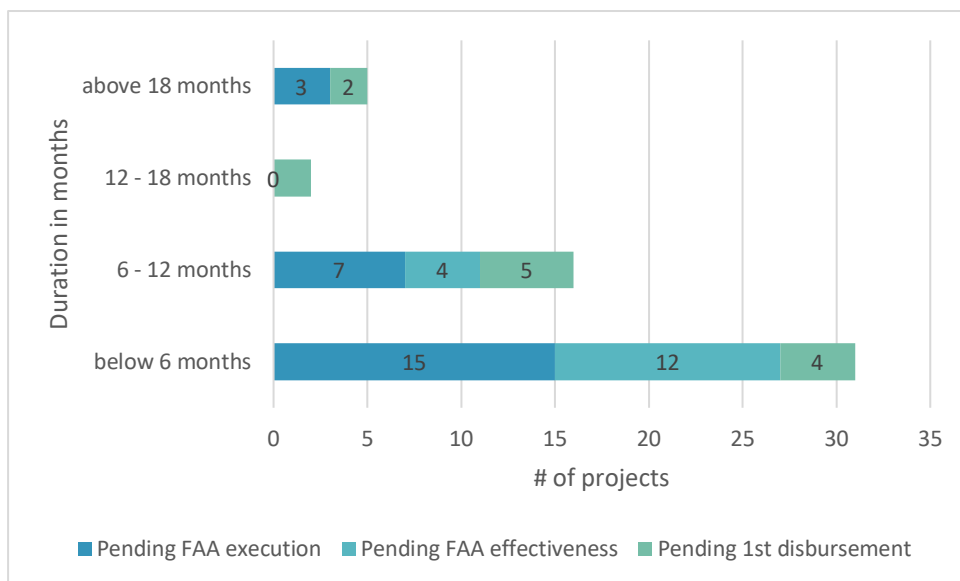
Pre-implementation		Under implementation			Completed
39 projects (2.5B)		229 projects (12.3B)			2 projects (49M)
22 projects (1.9B)	17 projects (0.6B)	14 projects (0.7B)	176 projects (10.2B)	39 projects (1.4B)	
Stage 1. Pending FAA execution	Stage 2. Pending FAA effectiveness	Stage 3. Pending first disbursement	Stage 4. Disbursing	Stage 5. Fully disbursed	

Abbreviations: B = billion, FAA = funded activity agreement.

¹⁵ FP017 titled "Climate action and solar energy development programme in the Tarapacá Region in Chile", with Corporación Andina de Fomento as AE; and FP024 titled "Empower to Adapt: Creating Climate-Change Resilient Livelihoods through Community-Based Natural Resource Management (CBNRM) in Namibia", with the Environmental Investment Fund as AE.

45. Figure 23 shows the number of projects/programmes that are under pending funded activity agreement execution, effectiveness and first disbursements by duration of pending months as at 31 August 2024. Most projects/programmes are moving from one stage to another within 6 to 12 months, with a very small number of outlier projects/programmes (five) that are taking over 18 months to move from one stage to another. On average, the figure demonstrates the level of efficiency achieved by the Secretariat to support the full implementation of projects/programmes for the attainment of intended climate results.

Figure 23: Number of projects that are under pending funded activity agreement execution, effectiveness and first disbursement stages by duration of pending months



46. The three projects that are pending execution stage for more than 18 months are FP153 titled “Mongolia Green Finance Corporation”, which submitted its Certificate of Internal Approval in June 2024, following the fourth extension request for the deadline; FP166 titled “Light Rail Transit for the Greater Metropolitan Area (GAM)” for which discussion on possible restructuring is ongoing; and FP185 titled “Climate Change: The New Evolutionary Challenge for the Galapagos”.

47. The two projects experiencing delays (beyond the 18-month duration) at the first disbursement stage are FP093 titled “Yeelen Rural Electrification Project in Burkina Faso” owing to political instability in Burkina Faso; and FP096 titled “DRC Green Mini-Grid Program”, which has a revised first disbursement deadline of June 2025. For these delayed projects, the Secretariat is working closely with AEs to ensure adaptative management measures. Any delays experienced after first disbursement are being handled by the Secretariat under the GCF Policy on Restructuring and Cancellation, where challenges that are identified as major are flagged for Board attention (see section 4.3 below). The full list of the status of the fulfilment of conditions is available upon request.

48. From B.01 to B.39, an increasing likelihood of conditions being imposed for the funding proposals of international and national AEs was observed.¹⁶ There was a 19 per cent increase in the likelihood of the independent Technical Advisory Panel recommending that conditions be imposed for the funding proposals of international AEs, and an 11 per cent increase in the likelihood of the Board imposing conditions for the projects of national AEs.

4.2 Reporting under the GCF Policy on Restructuring and Cancellation

49. Changes to the conditions that have been established by the Board (including those recommended by the Secretariat and the independent Technical Advisory Panel) for the approval of projects and programmes are approved either by the Board or the Executive Director in accordance with the delegation of authority stipulated in the Policy on Restructuring and Cancellation.

4.2.1 Extensions, waivers and changes/restructuring approved by the Board

50. Between 1 May and 31 August 2024, two changes and one extension were submitted for the Board's approval.

51. FP037 titled "Integrated Flood Management to Enhance Climate Resilience of the Vaisigano River" was approved at B.15. Pursuant to the Policy on Restructuring and Cancellation, the Secretariat endorsed for submission to the Board changes in the scope of output 2, activities 2.1, 2.3 and 2.4, of the funded activity.

52. FP224 titled "Renewable Barbados Project" was approved at B.37. Pursuant to the Policy on Restructuring and Cancellation, the Secretariat endorsed for submission to the Board a request for the environmental and social risk category to be changed from B to A.

53. SAP033 titled "Enhancing Climate Information Systems for Resilient Development in Sierra Leone" was approved at B.37. Pursuant to the Policy on Restructuring and Cancellation, the Secretariat endorsed for submission to the Board a request for a second extension of the deadline for the submission by the AE of a certificate or a legal opinion, in a form and substance satisfactory to the Secretariat, confirming that the AE has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed project.

4.3 Emerging implementation challenges

4.3.1. Funded activities with challenges that may require restructuring or cancellation as per the GCF Policy on Restructuring and Cancellation

¹⁶ A significant trend analysis of conditions from different panels (e.g. the Board, the independent Technical Advisory Panel) was conducted to assess the relative likelihood of conditions for the funding proposals. Several factors were included in the assessment such as project size, entity type and public/private sector. The statistical methodology used for trend analysis is a Bayes' theorem and relative risk inspired method with a Mann Kendall trend test. The factors and trend presented have satisfied the Mann Kendall trend test with a p-value of <0.25 for statistical significance.

54. Between 1 May 2024 and 31 August 2024, some projects emerged with, or continued to experience, significant implementation challenges which may result in restructuring or cancellation that requires Board approval. Examples are provided in the following paragraphs.

55. FP050 titled “Bhutan for Life” was approved at B.18. Following an implementation review which included a review of 2019–2022 annual performance reports, the AE and the Secretariat found that the link between project impact and interventions with GCF proceeds is not clear. The AE needed to revise the logical framework to reorganize the project activities to improve the logic between outcomes, outputs, activities and subactivities and capture the intended impact more clearly. A restructuring proposal has been submitted, including a restructured logical framework, revised implementation timetable, a two-year extension of the closing date and a revision of the budget plan. The Secretariat has requested a revised restructuring proposal to include additional updates to the mitigation impact calculation incorporating the latest guidelines. It also requested a revision of the methodology for impact calculation, which may result in a substantial reforecasting of the impact created by the project.

56. FP083 titled “Indonesia Geothermal Resource Risk Mitigation Project” was approved at B.21. Since the project effectiveness in December 2020, the Geothermal Risk Mitigation Facility (project component 1) has not registered disbursements to project activities and has not received applications from private developers to access the funds. One public developer has submitted two pre-applications to the public window, in December 2022 and January 2023. If approved to proceed to the investment phase, the first disbursements for these subprojects are expected by the fourth quarter of the 2025 fiscal year. The Ministry of Finance and the Ministry of National Development Planning have expressed concern about the implementation progress and lack of disbursements. In view of this, a restructuring of the funded activity is required with the following objectives: (i) improve the financial attractiveness of the Geothermal Risk Mitigation Facility, particularly for private developers; (ii) accelerate the implementation of existing pre-applications; and (iii) partially cancel the GCF loan and grant allocations to the Geothermal Risk Mitigation Facility alongside that of the other Geothermal Risk Mitigation Facility co-financiers, to downscale the project results to more realistic targets.

57. FP129 titled “Afghanistan Rural Energy Market Transformation Initiative – Strengthening Resilience of Livelihoods through Sustainable Energy Access” was approved at B.26. The project received its first disbursement in January 2021. Following the Taliban takeover of the country from the elected government in August 2021, the AE, the United Nations Development Programme (UNDP), has halted implementation. UNDP submitted a restructuring note and annex to the Secretariat in November 2021. It proposes to make major changes to the project design and implementation modality. With this proposal, the modality of the project would shift from a national implementation modality to a direct implementation modality. Changes in the scope and design of activities have also been proposed. These entail multiple risks, including technical and operational risks of implementation; risks regarding sustainability of the project; risks to availability of funds from the co-financiers; risks regarding environmental and social safeguards; and gender issues. Finally, there is a potential reputational risk for GCF on many grounds, including environmental and social safeguards, gender and involvement with non-governmental “responsible parties” who are yet to be clarified. UNDP has not been able to ensure country ownership of the project’s implementation and its changes as the Secretariat does not recognize national designated authorities in Afghanistan. This implies that the GCF investment framework cannot be respected as the country ownership criteria become unattainable. The Secretariat’s preferred outcome is for GCF and UNDP to agree on a mutual cancellation of the project, but UNDP has yet to agree to this. In the meantime, the project is halted, and no costs are being incurred. USD 4 million out of the USD 17.2 million commitment has been disbursed, of which only USD 689,000 has been spent. The project’s end date is October 2025. This project is highlighted for the attention of the Board

as in the event that Afghanistan gains a recognized government that could be consulted on the restructuring proposal, a request may be presented to the Board.

4.3.2 Key implementation challenges

58. The maturity of the portfolio of projects/programmes under implementation is increasing, with over 20 due to reach completion by the end of 2024. However, implementation of the majority of projects/programmes (approved prior to or during the coronavirus disease 2019 pandemic) were impacted by the pandemic and were granted implementation timeline extensions. The delivery of impacts as well as the size of expected impacts for a significant number of projects/programmes has been adversely impacted by high inflation (value chain disruptions and higher commodity prices among other factors). In the reporting period the Secretariat has approved 37 adaptive management requests to vary the terms of approved projects or programmes. The Secretariat also has an additional 47 change requests in the process of assessment that may be approved by the Secretariat or the Board, depending on the scope of the requested change.

59. In addition, increased interest rates have changed market dynamics, making it challenging to attract private sector investors to commit to investing into funds in markets perceived as riskier or unproven and dampened demand from end borrowers who find higher interest charges challenging. These factors, along with the compounding impact of decreasing buying power resulting from inflation, have created a challenging operating environment.

60. As a result of these factors and the increasing portfolio size, the Secretariat continues to see an increase in adaptive management requests. Besides the extension requests, the Secretariat has received requests for reallocation of funds between components/outputs and necessary adjustments arising from challenges to mobilize co-financing. Owing to factors related to the impact of the pandemic and other global macroeconomic developments, the adaptive management requests have trended towards lower project activity levels/reduced scope of activities, with downward revisions in the affected projects' projected climate results and the resulting value for money generated from the project/programme. The Secretariat will continue to present to the Board the various options needed to address these situations; these could include a reforecasting of expected impact, partial cancellation of a project or a recommendation for additional financial commitment, to improve the likelihood of the expected impact being achieved.

61. Currently GCF is awaiting 81 proposals to be considered for adaptive management. Of these, 22 are anticipated to be major and complex. However, experience has shown that during the assessment of the restructuring proposal, a substantial part is likely to result in a non-major change, which will be decided by the Secretariat.
