

Annex Five The Green Climate Fund: An Update

This update builds upon the analysis of the replenishment and project allocations of the Green Climate Funds, which can be found in [Annex Eight of The Reality of Canada's International Climate Finance, 2019](#).¹

1. First Replenishment Results

The Board of Directors launched the first replenishment process at its meeting in October 2018 but did not provide a target for this replenishment. Pledges are entirely voluntary and determined by national providers.

CSOs were seeking an ambitious target given the centrality of the GCF as the pre-eminent financing instrument of the UNFCCC and the Paris Climate Agreement. This initial financing for the GCF was US\$10.3 billion, including US\$3 billion from the United States, of which only US\$1 billion was paid out. On a grant-equivalent basis for loans, the initial financing amounted to US\$7.9 billion, taking account the missing US\$2 billion from the United States.

The Secretariat suggested a target range of US\$10 billion to US\$15 billion for the first replenishment. Taking account of the programming capacity of the Fund to address increasing need, CSOs estimated that a replenishment of \$15.3 billion would be required for the years 2020 to 2024. Given the fact that the \$3 billion commitment to the initial financing of the Fund represented 30% of these resources, and the United States and Australia would not be contributing to this round, the US\$15.3 billion required all major providers at a minimum to double their initial resource commitment.

As of May 2020, 29 countries and one region (Wallonia of Belgium) have made a pledge to the first replenishment, including two developing countries (Indonesia and the Republic of Korea). The total pledged to date is US\$9.7 billion, well short of the \$US\$15.3 billion CSO target. Of this total, US\$432 million was provided as loans from two donors (Canada – US\$83 million and France – US\$349 million). See **Table One** for donor details.

Sixteen countries that made initial contributions have not yet made a pledge for the first replenishment (May 2020). These 16 include the United States and Australia, which declined to pledge. Deducting their initial pledges, only \$57 million is potential from the remaining 14 countries.

Some observations:

- **Replenishment performance** The replenishment to date represents an 18% increase over actual contributions from the initial resource mobilization.
(Continued after Table One)

¹ See Annex Eight at <http://aidwatchcanada.ca/wp-content/uploads/2019/10/Annex-8-Green-Climate-Fund.pdf>. See this document for references for replenishment targets and the performance of the GCF up to July 2019.

Table One: Provider Replenishment for the Green Climate Fund (May 2020)²

Donor	Grant	Loan	Total	Share of Total	Initial Contribution	Increase over Initial
United Kingdom	\$ 1,851.9		\$ 1,851.9	19.0%	\$ 1,211.0	53%
France	\$ 1,394.3	\$ 349.1	\$ 1,743.4	17.9%	\$ 1,036.0	68%
Germany	\$ 1,689.6		\$ 1,689.6	17.4%	\$ 1,003.0	68%
Japan	\$ 1,500.0		\$ 1,500.0	15.4%	\$ 1,500.0	0%
Sweden	\$ 852.5		\$ 852.5	8.8%	\$ 581.0	47%
Norway	\$ 417.5		\$ 417.5	4.3%	\$ 272.2	53%
Italy	\$ 337.9		\$ 337.9	3.5%	\$ 267.5	26%
Canada	\$ 194.3	\$ 82.7	\$ 277.0	2.8%	\$ 277.0	0%
Republic of Korea	\$ 200.0		\$ 200.0	2.1%	\$ 100.0	100%
Spain	\$ 168.9		\$ 168.9	1.7%	\$ 160.5	5%
Switzerland	\$ 150.0		\$ 150.0	1.5%	\$ 100.0	50%
Netherlands	\$ 135.1		\$ 135.1	1.4%	\$ 133.8	1%
Denmark	\$ 120.7		\$ 120.7	1.2%	\$ 71.8	68%
Finland	\$ 112.6		\$ 112.6	1.2%	\$ 107.0	5%
Belgium	\$ 45.5		\$ 45.5	0.5%	\$ 66.9	-32%
Luxembourg	\$ 45.0		\$ 45.0	0.5%	\$ 46.8	-4%
Austria	\$ 33.8		\$ 33.8	0.3%	\$ 34.8	-3%
Ireland	\$ 18.0		\$ 18.0	0.2%	\$ 10.7	68%
New Zealand	\$ 10.0		\$ 10.0	0.1%	\$ 2.6	285%
Russian Federation	\$ 10.0		\$ 10.0	0.1%	\$ 3.0	233%
Monaco	\$ 4.2		\$ 4.2	0.0%	\$ 2.3	83%
Poland	\$ 3.0		\$ 3.0	0.0%	\$ 0.1	2900%
Slovakia	\$ 2.3		\$ 2.3	0.0%	\$ 2.0	15%
Iceland	\$ 2.0		\$ 2.0	0.0%	\$ 1.0	100%
Portugal	\$ 1.1		\$ 1.1	0.0%	\$ 2.7	-59%
Slovenia	\$ 1.1		\$ 1.1	0.0%		
Hungary	\$ 0.7		\$ 0.7	0.0%	\$ 4.3	-84%
Indonesia	\$ 0.5		\$ 0.5	0.0%	\$ 0.3	67%
Liechtenstein	\$ 0.1		\$ 0.1	0.0%	\$ 0.1	0%
16 Other Donors					\$ 1,244.1	
Total	\$ 9,302.6	\$ 431.8	\$ 9,734.4		\$ 8,242.5	18%

² The sources for this table are “Status of Pledges and Contributions (First Replenishment: GCF-1)” and “Status of Pledges and Contributions (Initial Resource Mobilization”, both documents dated May 12, 2020, accessible at <https://www.greenclimate.fund/about/resource-mobilisation/gcf-1> and <https://www.greenclimate.fund/about/resource-mobilisation/irm>.

- **Top Donors** The top five donors (the United Kingdom, France, Germany, Japan, and Sweden) contributed 78% of the replenishment resources. These five donors increased their contributions by an average of 43%. Only Japan did not increase its pledge. Excluding Japan, these top donors increased their pledges by an average of 60%.
- **Donors that increased their pledges** Twenty (20) of the 29 donors increased their pledges over their initial contributions to the GCF in 2015. Fourteen (14) of the 20 increased their pledges by more than 50%. Only three donors (Japan, Canada and Liechtenstein) maintained the same level of pledge. Five donors reduced their pledges (Austria, Luxembourg, Belgium, Portugal and Hungary). There was one new donor, Slovenia.
- **Donors fair share** Eleven (11) DAC donors made a pledge that was equal to or in excess of its fair share (measured by its share in the average DAC GNI for 2018 and 2019). These donors were the United Kingdom, France, Germany, Sweden, Japan, Norway, Finland, Denmark, Luxembourg, Switzerland and Iceland). These donors' pledges also exceeded their fair share of the CSO target of US\$15.3 billion.
- **Canada's performance** In terms of total pledges for the replenishment, Canada ranked 8th among the donors, a similar ranking as it had in the initial resource mobilization. Canada's pledge was 2.8% of the total pledges and 1.8% of the US\$15.3 billion target, compared to its GNI fair share of 3.4%. Among the 25 DAC donors making a pledge, Canada ranked close to the bottom at 19th in terms of meeting its fair share. Canada's fair share of the US\$15.3 billion would have been US\$520 million, about double its actual pledge of US\$277 million.

2. A Review of the Green Climate Fund Performance

According to a detailed review of 128 projects approved by the Board (as of March 2020), US\$6.1 billion has been committed since the launch of the Fund. This is an increase from 113 projects and US\$5.5 billion (July 2019). According to the GCF Dashboard US\$4.4 billion in project commitments are currently being implemented with US\$1.2 billion disbursed.

Observations, comparing trends for projects approved in the period 2018 to 2020 with the earlier period, 2015 to 2017 (See **Table 2**, **Table 3** and **Table 4**)

- **Growing level of commitments** A total of US\$3,574 million in project commitments have been made in the 2018 to 2020 period, compared to \$2,491 commitments in the earlier period.
- **Adaptation support diminishing** Commitments to adaptation in the latest period have declined. They were 42% of all commitments in the period 2015 to 2017 but declined to 38% in the period 2018 to 2020.³

³ Commitments that are designated cross purpose are allocated 50/50 to adaptation and mitigation.

- **Support to LDCs and SIDS also diminishing** The share of LDCs and SIDS as recipients for GCF projects has declined from 29% in the first period to 22% in the latest period. LDCs received only 25% of all adaptation commitments in the latest period, compared to 46% in the first period. A very substantial level of commitments (31%) for adaptation went to global and regional programs compared to 0% in the earlier period.
- **Adaptation support to LDCs and SIDS close to target** At 48% of adaptation commitments since 2015, the GCF is close to realizing its goal of a floor of 50% of adaptation to Least Developed and Small Island Development States. However, the diminished share of adaptation for LDCs in the current period (2018 to 2020) suggests that the GCF may be moving away from this target, rather than achieving it in the future.
- **Sub-Saharan Africa and the Pacific a diminishing priority** At 19% and 2% of total commitments respectively for Sub Saharan Africa and the Pacific regions, their regional shares are declining from the earlier period, where their shares were 21% and 12% respectively. This observation is even more pronounced when the regional allocation trends for adaptation are highlighted.
- **Relative support for adaptation declining for LDCs** For all commitments received by least developed and low income countries, adaptation represents a declining share in the current period, 2018 to 2020. In this period only 52% of these commitments for LCDs went to adaptation, while 82% went to this purpose for these counties in the earlier period.

Table 2: Green Climate Fund Performance against Policy Goals

Policy Commitment	2018 to 2020 Performance		2015 to 2017 Performance	
	59% of total project commitments		41% of total project commitments	
Adaptation: Aim for a 50/50 balance with mitigation ⁴	Adaptation: 38%; Mitigation: 62%		Adaptation: 42%; Mitigation: 58%	
Allocation to LDCs, LMICs, UMICs, Global/Regional: Share of total for period	LDCs: 18% LMICs: 30% UMICs: 26% Regional/Global: 25% HICs: 1% LDCs & SIDS: 22%		LDCs: 24% LMICs: 25% UMICs: 22% Regional/Global: 29% LDCs & SIDS: 29%	
Adaptation Allocation to LDCs, LMICs, UMICs, and Global/Regional: Share of total adaptation for period	Global: 31%	(No Global)	Global: --	(No Global)
	LDCs: 25%	36%	LDCs: 46%	46%
	LMICs: 26%	38%	LMICs: 36%	36%
	UMICs: 17%	24%	UMICs: 19%	19%
	HICs: 1%	2%	HICs: --	--

⁴ All cross-purpose project commitments are allocated equally to adaptation and mitigation.

Policy Commitment	2018 to 2020 Performance 59% of total project commitments	2015 to 2017 Performance 41% of total project commitments
Mitigation Allocation to LDCs, LMICs, UMICS, and Global/Regional: Share of total mitigation for period	Global: 21% (No Global) LDCs: 14% 18% LMICs: 32% 40% UMICs: 32% 41% HICs: 1% 1%	Global: 51% (No Global) LDCs: 8% 16% LMICs: 18% 37% UMICs: 24% 49% HICs: --
Adaptation allocation to LDCs and SIDS: Aim for floor of 50% of adaptation to these countries	Share of Total Adaptation: 48% Share of Adaptation + Half Cross Purposes: 29%	Share of Total Adaptation: 48% Share of Adaptation + Half Cross Purposes: 53%
Geographic allocation: Share of total for period; Priority to Sub-Saharan Africa	Global: 25% (No Global) SSA: 19% 26% Asia: 29% 39% Americas: 24% 32% Pacific: 2% 3% Middle East: 1% 1%	Global: 30% (No Global) SSA: 21% 30% Asia: 17% 25% Americas: 9% 13% Pacific: 12% 16% Middle East: 12% 16%
Adaptation geographic allocation: Share of total adaptation for period	Global: 30% (No Global) SSA: 18% 26% Asia: 33% 48% Americas: 14% 20% Pacific: 3% 5% Middle East: 1% 2%	Global: 0% (No Global) SSA: 35% 35% Asia: 21% 21% Americas: 11% 11% Pacific: 21% 21% Middle East: 13% 13%
Mitigation geographic allocation: Share of total adaptation for period	Global: 21% (No Global) SSA: 20% 26% Asia: 26% 48% Americas: 30% 20% Pacific: 2% 5% Middle East: 1% 2%	Global: 52% (No Global) SSA: 10% 21% Asia: 14% 29% Americas: 8% 17% Pacific: 5% 10% Middle East: 11% 22%

Table 3: Green Climate Fund Adaptation / Mitigation Share of Income Group Total⁵

Income Group	Adaptation		Mitigation	
	2018 - 2020	2015 – 2017	2018 - 2020	2015 – 2017
Least Developed & Low-Income Countries	52%	82%	48%	18%
Lower Middle-Income Countries	34%	59%	66%	41%
Upper Middle-Income Countries	24%	37%	41%	63%
Global / Regional Programs	47%	0%	53%	100%

Table 4: Cross-Cutting Purposes, Share of Income Group Total

Income Group	2018 - 2020	2015 - 2017
Least Developed & Low-Income Countries	37%	37%
Lower Middle-Income Countries	34%	11%
Upper Middle-Income Countries	21%	10%
Global / Regional Programs	78%	0%
All Projects	39%	13%

3. Private Sector Partnerships

Of the 128 approved projects (up to March 2020), 26 projects are identified as partnerships with the private sector.

Observations:

- Total commitments for these 26 projects were US\$1,930 million, or close to a third (32%) of all project commitments.
- While higher in value in the 2018 to 2020 period (\$1,040 million) than the 2015 to 2017 period (\$890 million), they represented only 29% of commitments in the most recent period, compared to 36% in the 2015 to 2017 period.

⁵ All cross-purpose project commitments are allocated equally to adaptation and mitigation.

- Adaptation was a very low priority for partnerships with the private sector, with only 3% of the commitments devoted to this purpose alone, increasing to 16% if cross purpose project commitments are distributed equally between the two purposes. (See **Table 5**)
- There were only two of the 26 projects entirely devoted to adaptation, and both of these projects related to support for small and medium enterprises and/or agribusiness in support of small-scale farmers.
- Loans and equity investment were the main modalities in these projects. Loans and equity investment amounted to 88% of total commitments for the 26 projects.
- Private sector project partnerships are heavily concentrated in Lower Middle- and Upper Middle-Income Countries (77%), if Global and Regional projects are excluded. (See **Table 6**)
- Private sector partnership commitments are highly concentrated in electrification and renewable energy (71% of commitments, excluding unknown sectors). Agriculture made up only 8%, excluding unknown sectors. (See **Table 7**).

Table 5: Share of Adaptation and Mitigation in Private Sector Partnership Projects

Period	Adaptation	Mitigation	Cross Purposes
All Projects	3%	71%	26%
	16%	84%	Distributed Equally
2018 to 2020	5%	56%	39%
	25%	75%	Distributed Equally
2015 to 2017	0%	89%	11%
	6%	94%	Distributed Equally

Table 6: Allocation of Private Sector Partnership Commitments by Income Group

Income Group	All Groups	Excluding Global / Regional
LDCs	12%	24%
LMICs	22%	45%
UMICs	16%	32%
Global / Regional	49%	

Table 7: Sector Allocation of Private Sector Partnership Commitments

Sector	Total Commitments US\$ Millions (Excl Unknown)
Agriculture and Forestry	\$106.5 (8%)
Electrification	\$240.2 (17%)
Energy Efficiency	\$302.7 (21%)
Renewable Energy	\$764.9 (54%)
Unknown	\$512.1

4. Governance

Canada (Sue Szabo) and Pakistan are the elected Co-Chairs of the Green Climate Fund.

5. Gender Equality

With the leadership of Canada, GCF Board in November 2019 adopted a comprehensive Policy on [Gender Equality and a Gender Action Plan](#)⁶ as a plan of action for the period 2020 to 2023. As an overall objective,

“This Gender Policy reinforces the responsiveness of GCF to the, culturally diverse context of gender equality to better address and account for the links between gender equality and climate change. The Gender Policy commits GCF to:

- (a) Enhance gender equality within its governing structure and day-to-day operations; and
- (b) Promote the goals of gender equality and women’s empowerment through its decisions on the allocation of funds, operations and overall impact as outlined in the Gender Action Plan.”

The document sets out the scope of the policy including the institutional level, the individual projects at the portfolio level, an enabling environment at the national level among stakeholders, and the sectoral level. It is guided by four principles for action. It then lays out the responsibilities of the GCF, the Accredited Entities and Commitments, and project level requirements.

In a review of all projects approved since January 2019, all have an elaborated “Gender Analysis” and a “Gender Action Plan”, which are published alongside other documentation related to the project.

In 2016, UN Women has published a handbook on [Leveraging Co-Benefits Between Gender Equality and Climate Action](#).

⁶ See <https://www.greenclimate.fund/sites/default/files/document/gcf-gender-policy.pdf>