

## Annex Twelve 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 Five of The Reality of Canada’s International Climate Finance, 2020](#).<sup>1</sup>

### 1. First Replenishment Results

The Board of Directors launched the first replenishment process at its meeting in October 2018. 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). In April 2021, the United States renewed its commitment to the GCF with a promise to “ask Congress for USD 1.25 billion in funding for GCF during this budget cycle.”<sup>2</sup>

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. The Secretariat had suggested a target range of US\$10 billion to US\$15 billion for the first replenishment.

In terms of total pledges for the replenishment (excluding the recent US pledge), Canada ranked 8<sup>th</sup> 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 formal pledge up to May 2020, Canada ranked close to the bottom at 19<sup>th</sup> in terms of meeting its fair share. Canada’s fair share of the US\$15.3 billion would have been US\$520 million (Cdn\$690 million), about double its actual pledge of US\$277 million (Cdn\$368 million).<sup>3</sup>

### 2. A Review of the Green Climate Fund Performance

According to a detailed review of 182 projects approved by the Board (as of July 2021), US\$9.5 billion has been committed since the launch of the Fund. This is a significant increase from 128 projects and US\$6.1 billion as of July 2020. According to the GCF Dashboard US\$6.0 billion in project commitments are currently being implemented with US\$2.0 billion disbursed.

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<sup>1</sup> See Annex Five at <http://aidwatchcanada.ca/wp-content/uploads/2020/08/Annex-Five.pdf>. See this document for a detailed analysis of the results of the replenishment process up to May 2020.

<sup>2</sup> “US climate envoy supports “indispensable” GCF role during climate forum,” Green Climate Fund, April 21, 2021, accessed at <https://www.greenclimate.fund/news/us-climate-envoy-supports-indispensable-gcf-role-during-climate-forum>.

<sup>3</sup> Calculated at the Green Climate Fund replenishment exchange rate of Cdn\$1.3302.

Observations, comparing trends for project commitments approved in the period 2015 to 2021 (See **Table 2 and Table 3**), against policy goals for climate finance:

- Adaptation support failing to meet goal of 50%** While aiming for a 50/50 balance between adaptation and mitigation, the GCF has not achieved this balance over the past five years, with only 33% of commitments devoted to adaptation.<sup>4</sup>
- Support to LDCs and SIDS also limited** The share of LDCs and SIDS as recipients for GCF projects has levelled off at 29%. LDCs received only 25% of all commitments and 35% of adaptation finance. Upper-Middle Income countries received 26% of adaptation finance. LDCs received 14% of mitigation finance, which were concentrated in Middle-Income Countries (64%).
- Adaptation support to LDCs and SIDS close to target** At 45% 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.
- Sub-Saharan Africa and the Pacific a diminishing priority overall, but stronger for adaptation** At 24% and 5% of total commitments respectively for Sub Saharan Africa and the Pacific regions, this share is relatively modest. But for adaptation finance, there is more concentration in these regions – 30% for Sub-Saharan Africa and 11% for the Pacific region.
- Relative support for adaptation in LDCs less than expected** For all commitments received by least developed and Low-Income Countries, adaptation represents only 47% of total commitments to these countries.

**Table 2: Green Climate Fund Performance against Policy Goals**

Policy Commitment	2015 to 2021 Performance
<b>Adaptation / Mitigation Share:</b> Aim for a 50/50 balance with mitigation <sup>5</sup>	Adaptation: 33%; Mitigation: 67%
<b>Allocation to LDCs, LMICs, UMICs, Global/Regional:</b> Share of total commitments	LDCs: 25% LMICs: 26% UMICs: 24% Regional/Global: 26% HICs: 0.4% LDCs & SIDS: 29%

<sup>4</sup> Commitments that are designated cross-purpose are allocated 50/50 to adaptation and mitigation.

<sup>5</sup> All cross-purpose project commitments are allocated equally to adaptation and mitigation.

Policy Commitment	2015 to 2021 Performance	
<b>Adaptation Allocation to LDCs, LMICs, UMICs, and Global/Regional:</b> Share of total adaptation for period	Global: 16% LDCs: 35% LMICs: 23% UMICs: 26% HICs: 0.2%	(No Global) 42% 37% 38% 0.3%
<b>Mitigation Allocation to LDCs, LMICs, UMICs, and Global/Regional:</b> Share of total mitigation for period	Global: 21% LDCs: 14% LMICs: 32% UMICs: 32% HICs: 1%	(No Global) 18% 40% 41% 1%
<b>Adaptation allocation to LDCs and SIDS:</b> Aim for floor of 50% of adaptation to these countries	Share of Total Adaptation: 45%	

Policy Commitment	2015 to 2021 Performance	
<b>Geographic allocation:</b> Share of total commitments  Priority to Sub-Saharan Africa	Global: 21% SSA: 24% Asia: 26% Americas: 20% Pacific: 5% Middle East: 6%	(No Global) 31% 34% 25% 6% 5%
<b>Adaptation geographic allocation:</b> Share of total adaptation for period	Global: 15% SSA: 30% Asia: 25% Americas: 14% Pacific: 11% Middle East: 5%	(No Global) 35% 30% 16% 13% 6%
<b>Mitigation geographic allocation:</b> Share of total adaptation for period	Global: 24% SSA: 22% Asia: 27% Americas: 23% Pacific: 2% Middle East: 3%	(No Global) 28% 36% 30% 3% 4%

**Table 3: Green Climate Fund Adaptation / Mitigation Share of Income Group Total<sup>6</sup>**

<b>Income Group</b>	<b>Adaptation</b>	<b>Mitigation</b>
Least Developed & Low-Income Countries	47.3%	52.7%
Lower Middle-Income Countries	38.8%	61.2%
Upper Middle-Income Countries	25.9%	74.1%
Global / Regional Programs	20.6%	79.4%
Total Commitments	33.4%	66.6%

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<sup>6</sup> All cross-purpose project commitments are allocated equally to adaptation and mitigation.