

**GREEN
CLIMATE
FUND**

Meeting of the Board
13–16 March 2023
Songdo, Incheon, Republic of Korea
Provisional agenda item 11

GCF/B.35/02
20 February 2023

Consideration of funding proposals

Summary

This document presents the funding proposals to the Board for consideration at its thirty-fifth meeting. It also presents an overview of the projected GCF portfolio and a brief guide to the funding proposal packages.

I. Overview of funding proposals for consideration

1.1 Funding proposals submitted for consideration by the Board

1. For the thirty-fifth meeting of the Board (B.35), a total of seven funding proposals are presented to the Board for its consideration. These seven proposals request USD 587.7 million of GCF funding at this Board meeting, supporting projects and programmes with a total volume of USD 1,666.3 million when accounting for co-financing. Table 1 presents the seven proposals numbered in sequence from the proposals approved at previous Board meetings.¹

Table 1: Funding proposals submitted for consideration by the Board at its thirty-fifth meeting

No.	Project name	Accredited entity	Country/ies	Thematic window	Public/private	GCF funding (million USD) ^a
FP199	Public-Social-Private Partnerships for Ecologically-Sound Agriculture and Resilient Livelihood in Northern Tonle Sap Basin (PEARL)	FAO	Cambodia	Adaptation	Public	36.2
FP200	Scaling up the implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management (Project 2)	GIZ	Lao People's Democratic Republic (the)	Cross-cutting	Public	35.2 ^b
FP201	Adapting Philippine Agriculture to Climate Change (APA)	FAO	Philippines (the)	Cross-cutting	Public	26.3
FP202	Upscaling Ecosystem Based Climate Resilience of Vulnerable Rural Communities in the Valles Macro-region of the Plurinational State of Bolivia (RECEM-Valles)	FAO	Bolivia (Plurinational state of)	Adaptation	Public	33.3
FP203	Heritage Colombia (HECO): Maximizing the Contributions of Sustainably Managed Landscapes in Colombia for Achievement of Climate Goals	WWF	Colombia	Cross-cutting	Public	43.0
FP204	Sustainable Renewables Risk Mitigation Initiative (SRMI) Facility (Phase 2 Resilience focus) [SRMI-Resilience]	World Bank	Ethiopia, Guinea-Bissau, Indonesia, Kyrgyzstan, Mongolia, Seychelles, Somalia, Tajikistan, Tunisia	Cross-cutting	Public	160.0

¹ Note that FP031 was not submitted; FP032 was withdrawn; FP055 and FP057 were not approved by the Board; approval of FP029 lapsed on 23 October 2017; approval of FP030 lapsed on 28 July 2018; approval of FP006 lapsed on 26 September 2018; FP079 and FP088 (currently FP110) were withdrawn by the accredited entity; approval of FP054 lapsed on 27 June 2019; approval of FP065 lapsed on 16 February 2020; FP123 was withdrawn by the accredited entity; approval of FP038 lapsed on 13 June 2020; approval of financing for the European Investment Bank (EIB)-implemented part of the FP026 lapsed on 13 June 2020 (the technical assistance component of FP026 is unaffected and its implementation by Conservation International continues); and approval of FP104 lapsed on 13 February 2021. Accordingly, this results in 209 approved projects/programmes – 164 public sector and 45 private sector – as at 8 February 2023.



FP205	Infrastructure Climate Resilient Fund (ICRF)	AFC	Benin, Cameroon, Chad, Côte d'Ivoire, Democratic Republic of the Congo (the), Djibouti, Gabon, Gambia (the), Ghana, Guinea, Kenya, Mali, Mauritania, Namibia, Nigeria, Rwanda, Sierra Leone, Togo, Zambia	Adaptation	Private	253.8
Total GCF funding requested						587.7

Abbreviations: AFC = Africa Finance Corporation, FAO = Food and Agriculture Organization of the United Nations, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, World Bank = International Bank for Reconstruction and Development and International Development Association, WWF = World Wildlife Fund, Inc.

^a The individual funding amounts are rounded to the nearest tenth; therefore, the total may not be the exact sum of these numbers due to rounding in the document.

^b The requested GCF amount in EUR is converted into USD at the United Nations Operational Rates of Exchange effective as at 15 February 2023 (EUR 1 = USD 1.071811361).

2. For B.35, the Secretariat had endorsed 10 funding proposals (4 adaptation and 6 cross-cutting) with a total requested GCF funding amount of USD 1,164.6 million in nominal terms (USD 878.0 million, or 75 per cent, for adaptation and USD 286.6 million, or 25 per cent, for mitigation); or USD 613.5 million in grant equivalent terms (USD 457.8 million, or 75 per cent, for adaptation and USD 155.7 million, or 25 per cent, for mitigation). The Secretariat's submission included one project from a direct access entity (DAE) with a total requested amount of USD 235 million, or 20 per cent, in nominal terms or USD 128.9 million, or 21 per cent, in grant equivalent terms.

3. All 10 funding proposals endorsed by the Secretariat were submitted to the independent Technical Advisory Panel (TAP) for its assessment on a rolling basis. Table 2 represents the Secretariat's submission to the independent TAP on a rolling basis as mandated by the Board in decision B.28/03 and the results of the assessments of the independent TAP. Furthermore, as mandated by the same decision, the independent TAP assigned two lead reviewers for each funding proposal review, with each review being peer reviewed by three other independent TAP members, in lieu of the prior practice of final approval based on the consensus of all independent TAP members. Two funding proposals (one public sector funding proposal from a DAE and one private sector funding proposal from an international access entity (IAE)) were not endorsed by the independent TAP. The respective assessments were sent to the accredited entities (AEs) for their consideration.

4. One private sector proposal which was endorsed by both the Secretariat and the independent TAP, was withdrawn by the accredited entity for unanticipated commercial reasons. Therefore, the total number of projects to be considered at B.35 becomes seven.

Table 2: Funding proposals submitted to the independent Technical Advisory Panel

No.	Public/private	Project name	Accredited entity	Thematic window	Date of submission	Independent TAP assessment result	Independent TAP assessment received by the Secretariat
1	Public	Public-Social-Private Partnerships for Ecologically-Sound Agriculture and Resilient Livelihood in Northern Tonle Sap Basin (PEARL)	World Bank	Cross-cutting	20 May 2022	Endorsed with conditions	14 September 2022



2	Public	Upscaling Ecosystem Based Climate Resilience of Vulnerable Rural Communities in the Valles Macro-region of the Plurinational State of Bolivia (RECEM-Valles)	FAO	Adaptation	21 July 2022	Not endorsed	25 August 2022
					3 January 2023	Endorsed	7 February 2023
3	Public	Scaling up the Implementation of the LAO PDR Emission Reductions Programme through improved governance and sustainable forest landscape management (Project 2)	GIZ	Cross-cutting	28 July 2022	Endorsed with conditions	3 September 2022
4	Public	Public-Social-Private Partnerships for Ecologically-Sound Agriculture and Resilient Livelihood in Northern Tonle Sap Basin (PEARL)	FAO	Adaptation	8 August 2022	Endorsed with conditions	15 September 2022
5	Public	Adapting Philippine Agriculture to Climate Change	FAO	Cross-cutting	8 August 2022	Endorsed	15 September 2022
					3 January 2023	Endorsed	7 February 2023
6	Private	Infrastructure Climate Resilient Fund (ICRF)	AFC	Adaptation	8 August 2022	Not endorsed	9 September 2022
					3 January 2023	Endorsed	7 February 2023
7	Public	Heritage Colombia (HECO): Maximizing the Contributions of Sustainably Managed Landscapes in Colombia for Achievement of Climate Goals	WWF	Cross-cutting	3 January 2023	Endorsed with conditions	7 February 2023
8	Private	Climate change debt programme platform	IAE	Cross-cutting	3 January 2023	Endorsed with conditions ^a	7 February 2023
9	Public	Water Reuse Programme	DAE	Adaptation	8 August 2022	Not endorsed	11 September 2022
					3 January 2023	Not endorsed	7 February 2023
10	Private	Agriculture and forestry programme	IAE	Cross-cutting	3 January 2023	Not endorsed	7 February 2023

Abbreviations: AFC = Africa Finance Corporation, DAE = direct access entity, FAO = Food and Agriculture Organization of the United Nations, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, IAE = international access entity, independent TAP = independent Technical Advisory Panel, World Bank = International Bank for Reconstruction and Development and International Development Association, WWF = World Wildlife Fund, Inc.

^a One funding proposal has been withdrawn by the AE for unanticipated commercial reasons.

5. In accordance with decision B.17/09, paragraph (j), the non-endorsed funding proposals will be revised by the respective AE with a view to addressing the comments made by the independent TAP and will be reviewed again by the Secretariat with a view to presenting the funding proposals at a future meeting of the Board. Pursuant to decision B.34/10, paragraph (p), the independent TAP will be requested to meaningfully engage and communicate with the AEs of the non-endorsed funding proposals.

6. In accordance with decision B.17/09, paragraph (i), the Secretariat is submitting the funding proposals whose approval has been recommended by the independent TAP and the Secretariat for the Board’s consideration. Table 3 provides a comparison of the GCF portfolio before and after the independent TAP review process.

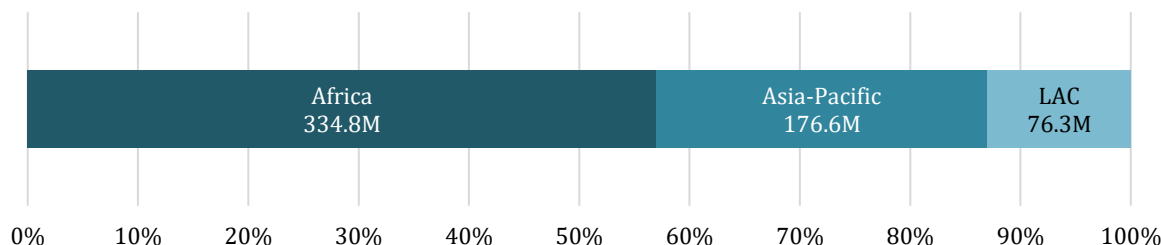
Table 3: Comparison of the funding proposal portfolio before and after the independent Technical Advisory Panel review (in grant equivalent terms)

		Before the independent TAP review	After the independent TAP review (for Board’s consideration at B35)
Thematic balance	Number of funding proposals	10 funding proposals: 4 adaptation and 6 cross-cutting	7 funding proposals: 3 adaptation and 4 cross-cutting
	Adaptation share in GE terms (B.35)	USD 457.8 million (75%)	USD 276.6 million (74%)
	Adaptation share in GE terms (overall portfolio)	USD 3.9 billion (51%)	USD 3.8 billion (50%)
DAE share	Number of funding proposals (B.35)	1 DAE	N/A
	DAE share in GE terms (B.35)	USD 128.9 million (21%)	N/A
	DAE share in GE terms (overall portfolio)	USD 1.4 billion (18%)	USD 1.3 billion (17%)

Abbreviations: B.35 = thirty-fifth meeting of the Board, DAE = direct access entity, GE = grant equivalent, IAE = international access entity, independent TAP = independent Technical Advisory Panel.

7. The regional distribution of the seven funding proposals is presented in figure 1.

Figure 1: Regional distribution of GCF funding (in USD)



Abbreviations: LAC = Latin America and the Caribbean, M = million.

8. The seven funding proposals submitted for the Board’s consideration are six public sector proposals, requesting GCF funding of USD 334.0 million (57 per cent), and one private sector proposal, requesting GCF funding of USD 253.8 million (43 per cent). All funding proposals endorsed by independent TAP are from IAEs. The Secretariat remains focused on strengthening the pipeline of DAEs for future Board consideration.

9. On a thematic basis, USD 117.8 million (20 per cent) is allocated for mitigation and USD 470.0 million (80 per cent) for adaptation. The information in grant equivalent terms is presented in figure 2.

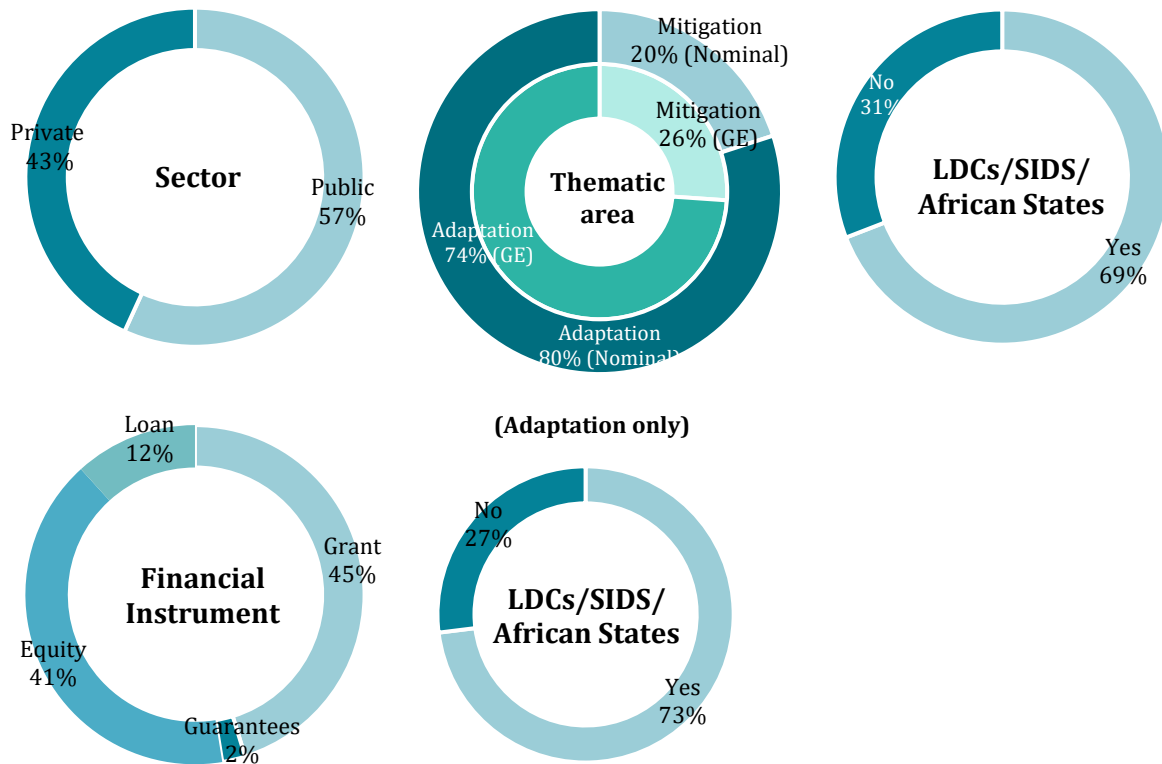
10. The largest portion of the financial instruments are grants (45 per cent, USD 265.7 million), followed by equity (41 per cent, USD 240.0 million), loans (12 per cent, USD 69 million) and guarantees (2 per cent, USD 13 million).

11. In terms of distribution among vulnerable countries, four funding proposals either wholly or partly target the least developed countries (LDCs), small island developing States

(SIDS) and/or African States, totalling USD 406.3 million, and account for 69 per cent of the total requested GCF funding amount.²

12. An overall snapshot of GCF funding requested by sector, thematic area, financial instrument and vulnerable countries is presented in figure 2.

Figure 2: GCF funding amount by sector, thematic area, entity type, financial instrument and vulnerable countries, including the LDCs, SIDS and African States, in USD (per cent)^a



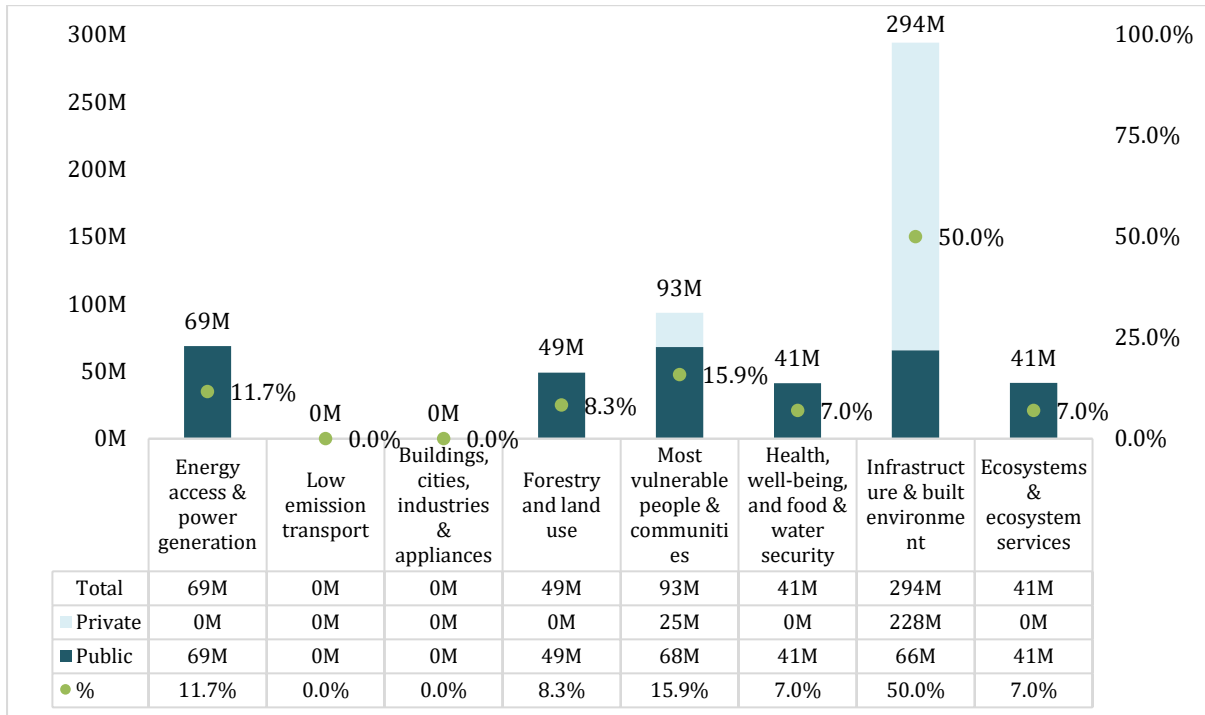
Abbreviations: GE = grant equivalent, IAE = international access entity, LDCs = least developed countries, SIDS = small island developing States.

^a For multi-country projects/programmes of LDCs, SIDS and African States, the amount of GCF funding allocated to each country is estimated based on the best information available to the Secretariat. Unless the allocation information is provided in funding proposals or by AEs, the funding amounts are evenly distributed to each country according to the number of targeted countries. As the estimates will be updated once expenditure information is received, there may be modifications to the data in the coming months.

13. In terms of result areas, “infrastructure and built environment” will receive the largest portion of GCF funding (USD 294 million, or 50 per cent) while “buildings, cities, industries and appliances” and “low emission transport” will not receive GCF funding (see figure 3).

² Distribution among LDCs, SIDS and African States in nominal terms is broken down as follows:
49 per cent LDCs and 51 per cent non-LDCs;
3 per cent SIDS and 97 per cent non-SIDS;
57 per cent African States and 43 per cent non-African States.

Figure 3: GCF funding amount by result area ^a

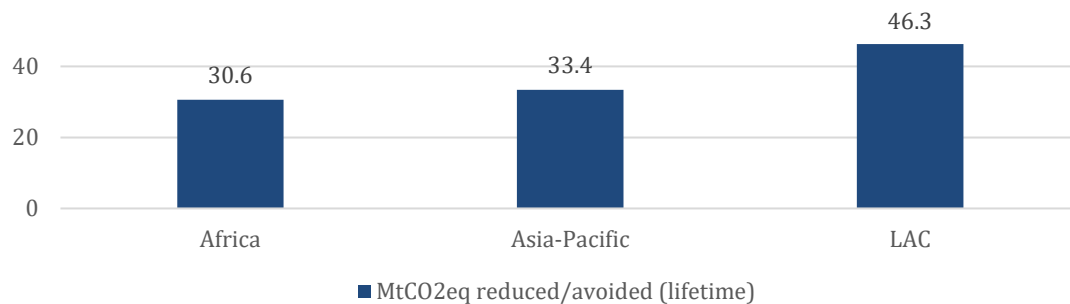


Abbreviation: M = million.

^a Estimates of GCF funding by mitigation/adaptation and the eight result areas are based on the information provided by the AEs and/or an analysis by the Secretariat of the budget for each funding proposal, with review and verification by the appropriate AEs. The methodology continues to be refined and improved; the estimates may therefore change over time.

14. The expected impact potential is the abatement of a total of 110.3 million tonnes of carbon dioxide equivalent (MtCO₂eq) emissions and reach of 246.8 million (direct and indirect) beneficiaries, based on the estimations of AEs (see figures 4 and 5).

Figure 4: Estimated mitigation impact potential by region



Abbreviations: LAC = Latin America and the Caribbean.

Figure 5: Estimated adaptation impact potential by region



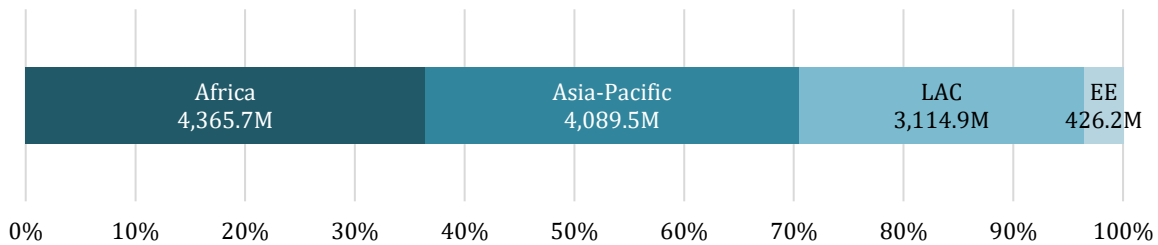
Abbreviations: LAC = Latin America and the Caribbean.

1.2 Projected portfolio composition

15. If the seven funding proposals presented at B.35 are approved by the Board, the aggregated portfolio would comprise 216 projects and programmes, with a total GCF funding amount of USD 12 billion and a total value of USD 45 billion, when taking co-financing into account.

16. As per decision B.27/06, paragraph (i), the Board requested GCF to aim for a reasonable and fair allocation of funding across a broad range of countries to ensure appropriate geographic balance. The regional distribution of the 216 projects or programmes is presented in figure 6.

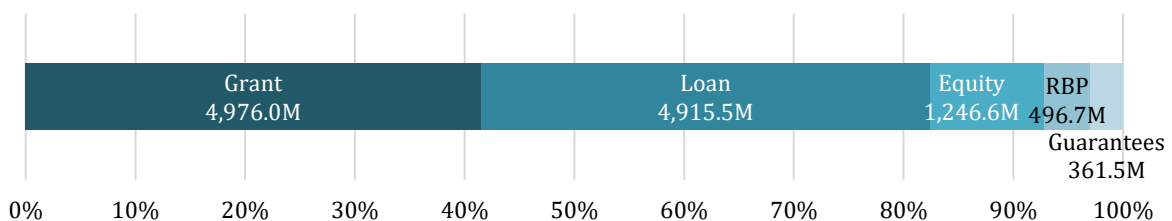
Figure 6: Regional distribution of GCF funding (in USD)



Abbreviations: EE = Eastern Europe, LAC = Latin America and the Caribbean, M = million.

17. The portfolio will utilize a wide range of financial instruments as authorized by the Governing Instrument for the GCF. The largest portion of the portfolio will be financed by grants (42 per cent or USD 5.0 billion), followed by loans (41 per cent or USD 4.9 billion), equity (10 per cent or USD 1.2 billion), results-based payments (4 per cent or USD 496.7 million) and guarantees (3 per cent or USD 361.5 million) (see figure 7).

Figure 7: GCF funding amount by financial instrument (in USD)



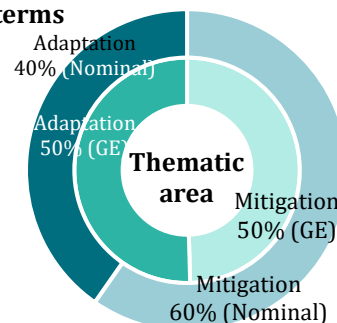
Abbreviations: M = million, RBP = results-based payments.

18. Information on the projected GCF portfolio of approved projects, as per the Updated Strategic Plan for the Green Climate Fund: 2020 – 2023,^{3,4} is shown in below sections in both grant equivalent and nominal terms.⁵

19. For thematic areas, USD 3.7 billion (50 per cent) will be allocated for mitigation and USD 3.8 billion (50 per cent) for adaptation in grant equivalent terms. In nominal terms, USD 7.2 billion (60 per cent) will be allocated for mitigation and USD 4.8 billion (40 per cent) for adaptation. If all projects are approved at B.35, the GCF portfolio will consist of 88 adaptation projects, 66 mitigation projects and 62 cross-cutting projects.

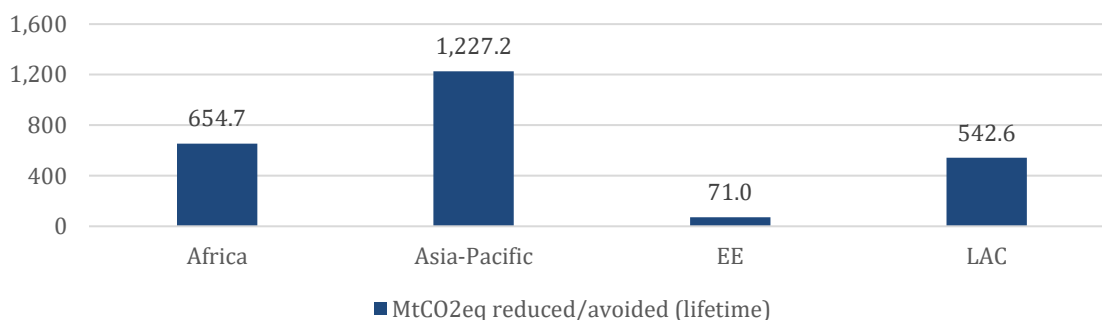
20. GCF aims at a 50:50 funding balance between adaptation and mitigation over time, while seeking to deliver portfolio-level mitigation and adaptation outcomes that exceed average initial resource mobilization (IRM) outcomes. The GCF portfolio of approved projects is expected to abate a total of 2.5 GtCO₂eq greenhouse gas emissions and reach 912.7 million (direct and indirect) beneficiaries, based on the estimations of AEs. This will result in 348.4 MtCO₂eq per billion USD invested in mitigation and 188.8 million beneficiaries per billion USD invested in adaptation. Figures 9 and 10 show estimated impacts by region.

Figure 8: Thematic areas in grant equivalent and nominal terms



Abbreviations: GE = grant equivalent

Figure 9: Estimated mitigation impact potential by region



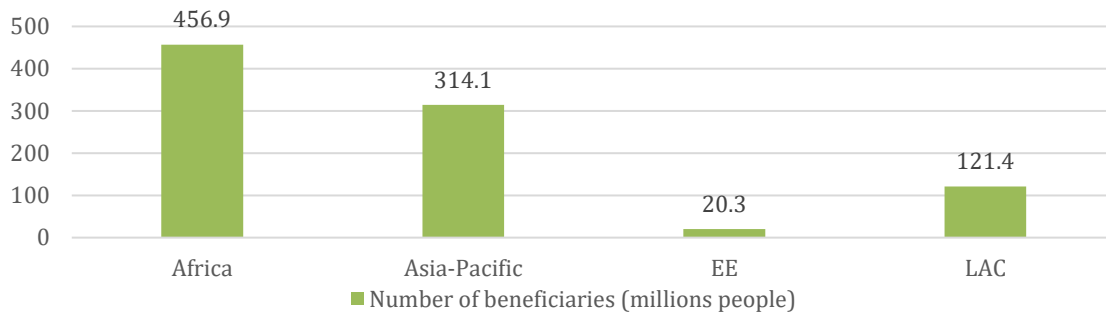
Abbreviations: EE = Eastern Europe, LAC = Latin America and the Caribbean.

³ By B.27/06, the Board requested GCF to aim for the following portfolio targets: (1) a 50:50 funding balance between adaptation and mitigation over time, while seeking to deliver portfolio-level mitigation and adaptation outcomes that exceed average initial resource mobilization (IRM) outcomes; (2) a floor of 50 per cent of the allocated adaptation funding to be channelled to vulnerable countries, including the LDCs, SIDS and African States, while aiming to build on IRM outcomes; (3) a reasonable and fair allocation of funding across a broad range of countries in order to ensure appropriate geographic balance; (4) a significant increase of funding channelled through DAEs relative to the IRM; (5) maximization of engagement with the private sector, including through micro, small and medium-sized enterprises, ensuring that allocation to the Private Sector Facility exceeds 20 per cent (grant equivalent); and (6) a significant increase of mobilized private sector finance at the portfolio level relative to the IRM. This is also in line with the guidance provided in United Nations Framework Convention on Climate Change decision 7/CP.20, paragraph 13, where the Conference of the Parties requested the Board, in its implementation of the accreditation framework, to pay adequate attention to the priorities and needs of developing country Parties, including the LDCs, SIDS and African States.

⁴ The IRM outcomes as at 31 December 2019 were used as a baseline: (a) 460 MtCO₂eq mitigation impact and 166 million beneficiaries per billion USD invested in adaptation; (b) 69 per cent of adaptation funding allocation in grant equivalent terms; (c) 11 per cent of funding in grant equivalent terms channelled through DAEs; and (d) a private sector finance co-financing ratio of 1:3.

⁵ The grant equivalents were estimated for each project using a uniform 5 per cent discount rate. The Grant Equivalent Calculator tool developed by the GCF Office of Risk Management and Compliance to measure the grant-like element embedded in GCF financing was used for the calculations.

Figure 10: Estimated adaptation impact potential by region



Abbreviations: EE = Eastern Europe, LAC = Latin America and the Caribbean.

21. On a sectoral basis, USD 6.2 billion (83 per cent) will be requested by the public sector and USD 1.3 billion (17 per cent) by the private sector in grant equivalent terms. In nominal terms, USD 7.8 billion (65 per cent) will be allocated to public sector projects and programmes and USD 4.2 billion (35 per cent) to private sector projects and programmes. GCF targets maximization of engagement with the private sector, including through micro, small and medium-sized enterprises, ensuring that allocation to the Private Sector Facility exceeds 20 per cent (see figure 11).

22. Of the 216 funding proposals in the projected portfolio, 141 projects and programmes will target, either wholly or partly, the LDCs, SIDS and/or African States.

23. The requested GCF funding amount of the adaptation allocation for vulnerable countries will be USD 2.4 billion (64 per cent) in grant equivalent terms. In nominal terms, USD 3 billion for adaptation, accounting for 62 per cent, will be requested (see figure 11).⁶ GCF aims at a floor of 50 per cent of the allocated adaptation funding to be channelled to vulnerable countries, while aiming to build on IRM outcomes (see figures 11a, 11b and 11c for a further breakdown of the requested GCF funding amount of the adaptation allocation in grant equivalent terms).

24. USD 6.2 billion (83 per cent) of GCF funding in grant equivalent terms will be channelled through IAEs and USD 1.3 billion (17 per cent) through DAEs. In nominal terms, USD 9.6 billion for 166 projects, which represents 80 per cent of total GCF funding, will be channelled through IAEs. The remaining 20 per cent will flow into DAEs in the amount of USD 2.4 billion for 50 projects. GCF aims to significantly increase funding channelled through DAEs relative to the IRM (see figure 11).⁷

⁶ The distribution among LDCs, SIDS and African States of the GCF requested funding amount of the adaptation allocation in nominal terms is broken down as follows:

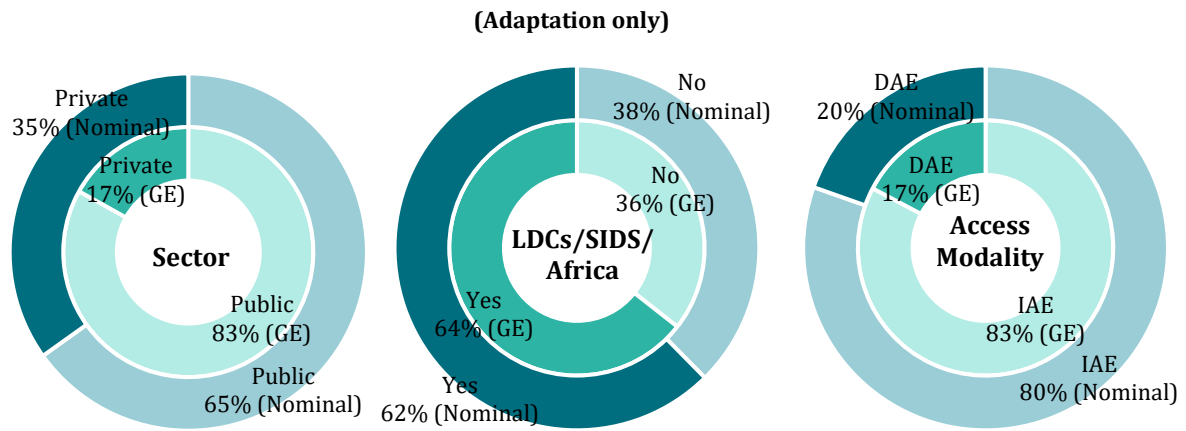
34 per cent LDCs and 66 per cent non-LDCs;

19 per cent SIDS and 81 per cent non-SIDS;

40 per cent African States and 60 per cent non-African States.

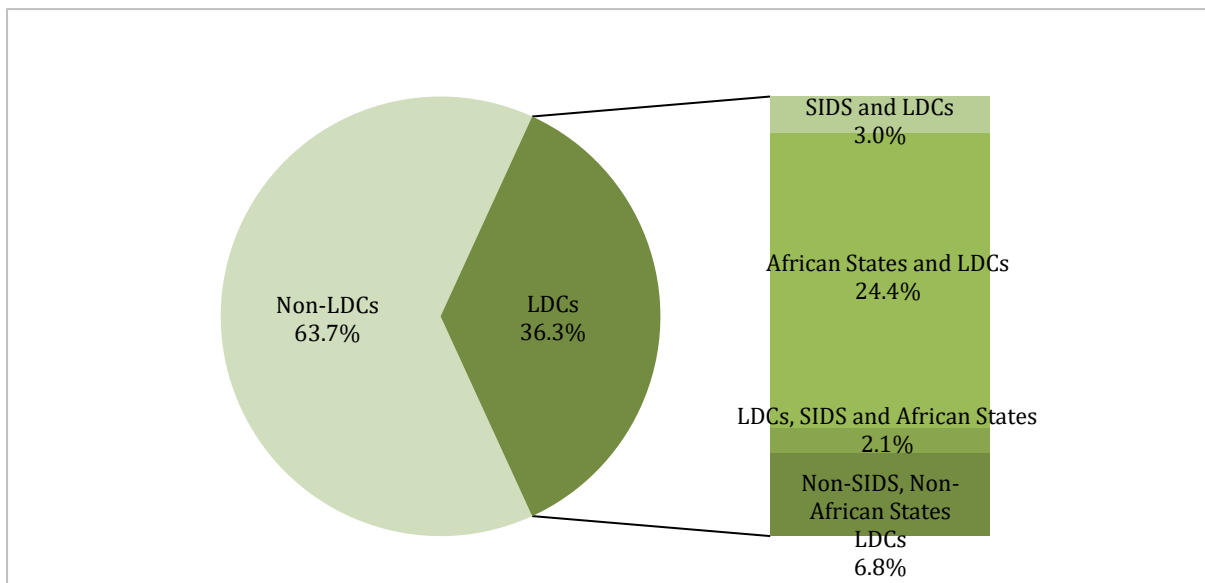
⁷ Relative to the IRM (see footnote 4 above).

Figure 11: GCF funding amount by sector, vulnerable countries including the LDCs/SIDS/African States (adaptation only), and entity type, in grant equivalent and nominal terms (per cent)



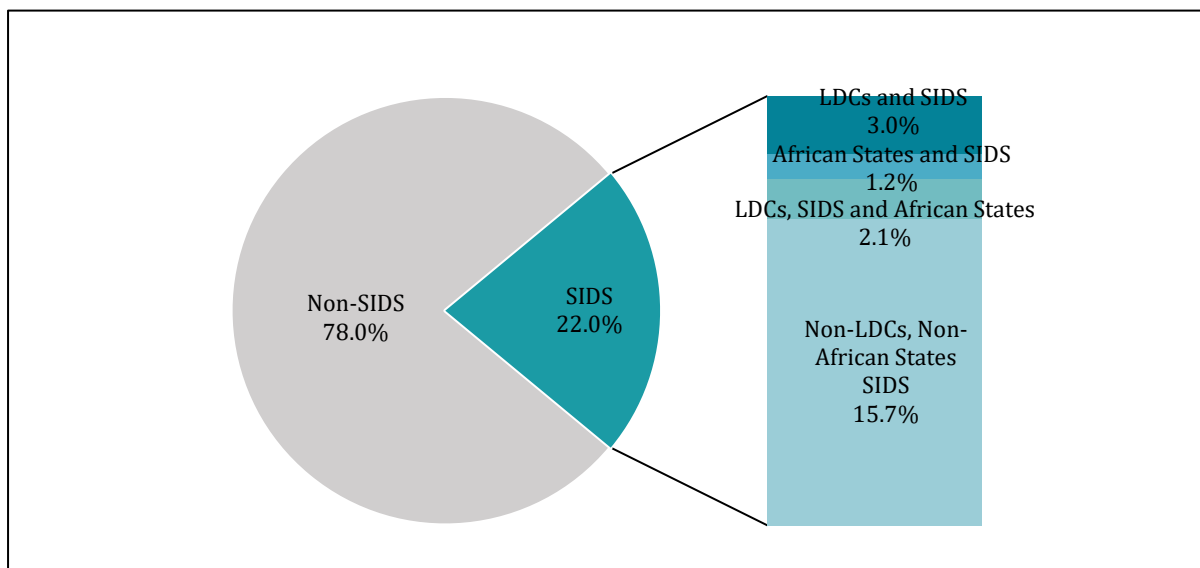
Abbreviations: DAE = direct access entity, GE = grant equivalent, IAE = international access entity, LDCs = least developed countries, SIDS = small island developing States.

Figure 11a: Least developed countries distribution of the requested amount of GCF funding for adaptation (grant equivalent)



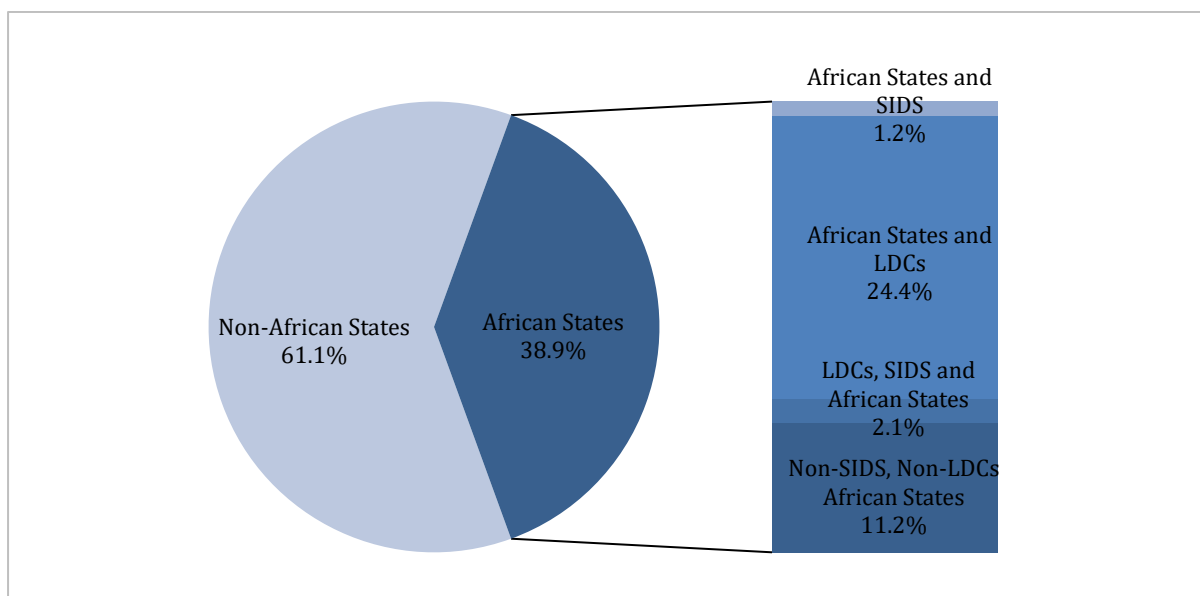
Abbreviations: LDCs = least developed countries, SIDS = small island developing States.

Figure 11b: Small island developing States distribution of the requested amount of GCF funding for adaptation (grant equivalent)



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

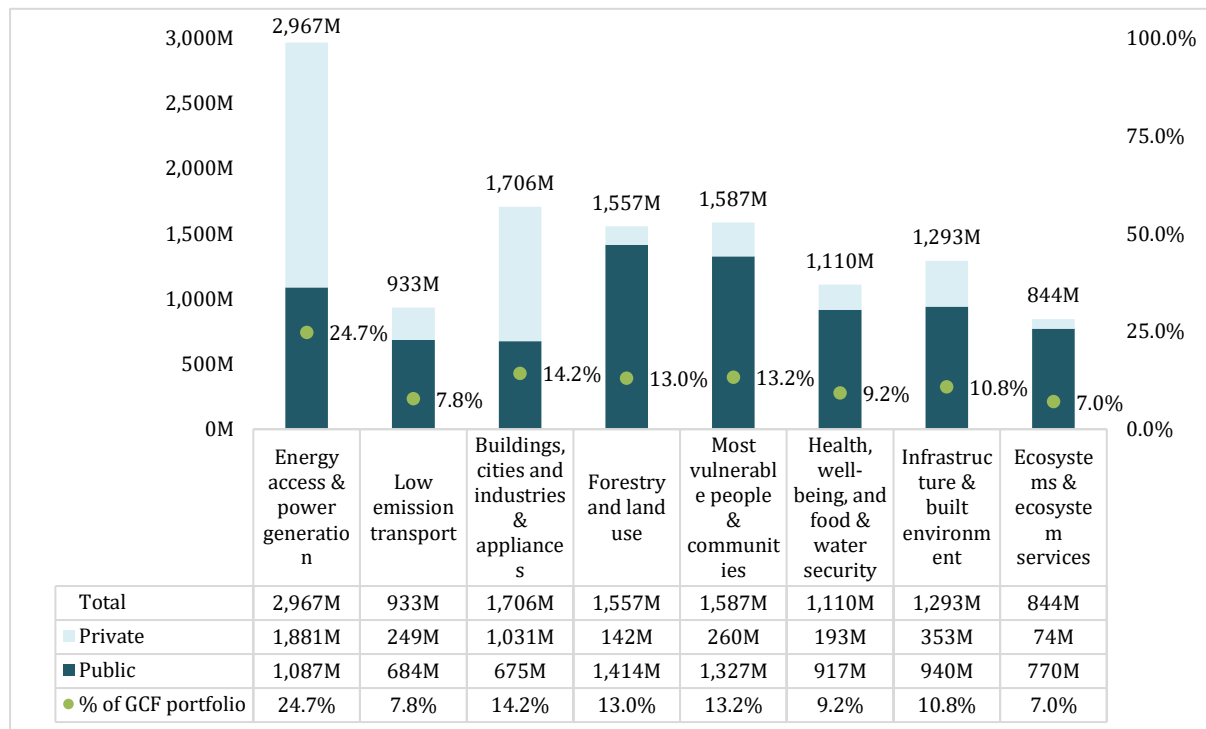
Figure 11c: African States distribution of the requested amount of GCF funding for adaptation (grant equivalent)



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

25. Figure 12 shows the projection of GCF funding in the eight result areas. Among the result areas, “energy access and power generation” will receive the largest portion of GCF funding (USD 3.0 billion, or 24.7 per cent) while “ecosystems and ecosystem services” will receive the lowest (USD 844 million, or 7 per cent).

Figure 12: GCF funding amount by result area (in USD) ^a



Abbreviation: M = million.

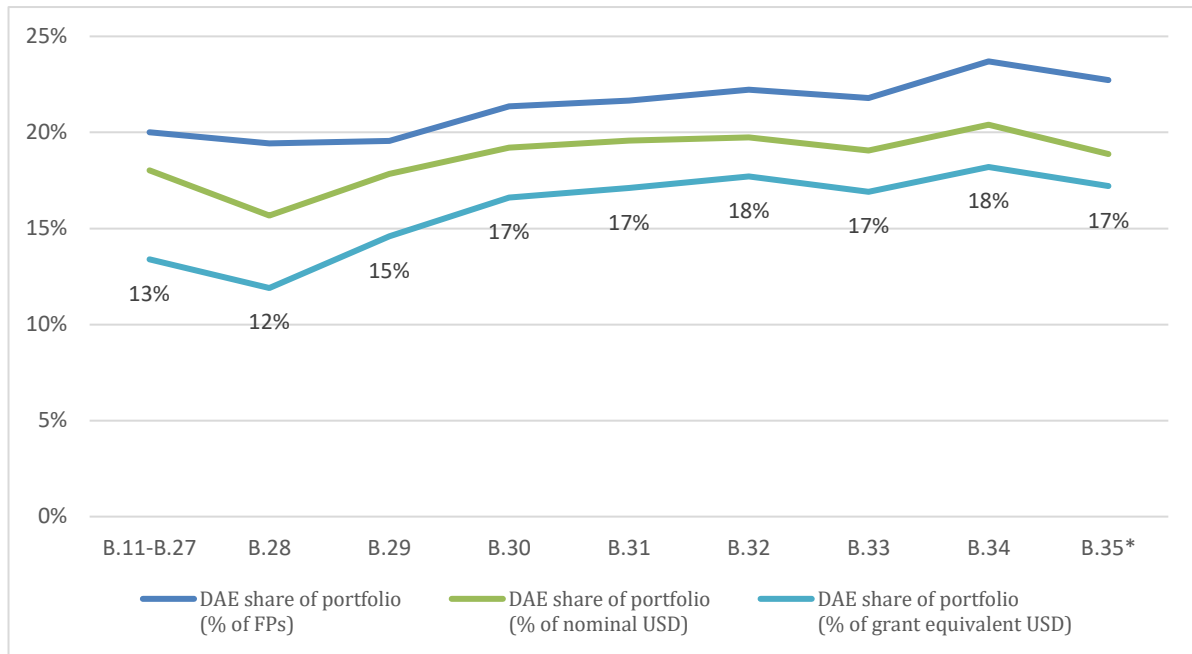
^a Estimates of GCF funding by mitigation/adaptation and the eight result areas are based on the information provided by the AEs and/or an analysis by the Secretariat of the budget for each funding proposal, with review and verification by the appropriate AEs. The methodology continues to be refined and improved; the estimates may therefore change over time.

II. Increasing access to the GCF project pipeline for direct access entities

2.1 Direct access entity portfolio and pipeline

26. As noted above, the projected DAE portfolio following B.35 will total 17 per cent of GCF funding in grant equivalent terms. The proportion of DAE funding proposals and financing varies over time. The mix of proposals presented for Board consideration at each meeting results from a combination of Secretariat pipeline planning and prioritisation in line with GCF-1 targets, the quality and timing of the proposal, the responsiveness of the AE, and the endorsement of the independent TAP. Figure 13 shows the DAE share of the GCF portfolio following each Board meeting in 2021 and 2022, in terms of the number of approved funding proposals and volume of financing. In early 2021, there was a dip in the proportion of funding channelled through DAEs to 12 per cent following the approval of several larger IAE proposals at B.28. Over subsequent Board meetings, the percentage of DAE proposals slowly increased to 18 per cent in grant equivalent terms before falling again at B.35 following the independent TAP assessment not endorsing a DAE FP.

Figure 13: Cumulative proportions of GCF financing to direct access entities, by Board meeting—through B.35

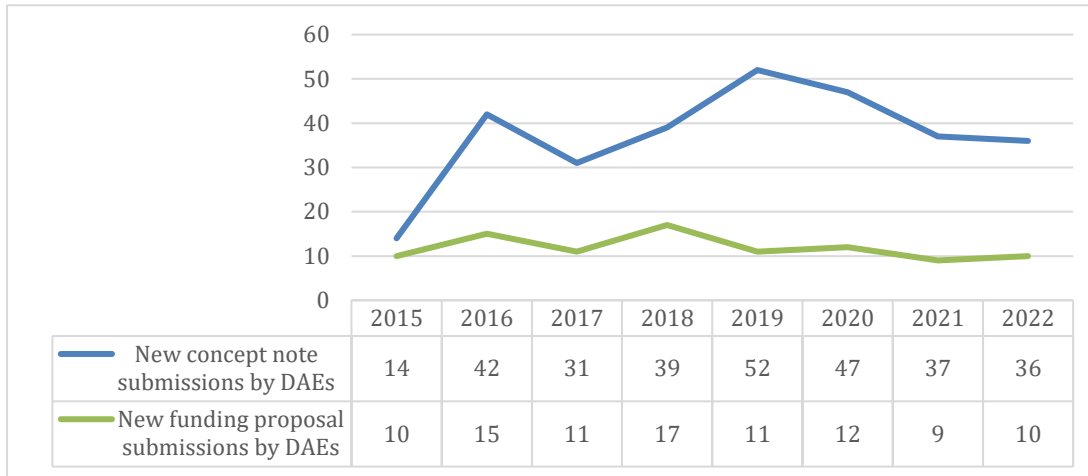


Abbreviations: B = Board meeting, DAE = direct access entity, FPs = funding proposals.

27. Looking over the whole of GCF-1, the proportion of funding channelled through DAEs (24 per cent in grant equivalent terms) is double the proportion during the IRM period. Much of this increase was driven by projects from regional direct access entities that have the capacity for larger funding volumes. National and regional entities had roughly equal allocations in nominal terms during the IRM at USD 381 million and USD 351 million, respectively. In contrast, regional entities had nearly twice the funding volume of national entities during GCF-1 (USD 1 billion for regional and USD 584 million for national entities). While the Secretariat has taken steps to engage more national entities, sustained focus on increasing access and accreditation for national DAEs is needed to produce greater funding volumes over time.

28. Despite this incremental progress, DAEs still face many challenges in submitting proposals to GCF and having them approved. Capacity constraints can make it difficult to meet GCF project quality standards in concept notes and funding proposals, resulting in many iterations and long lead times. As shown in figure 14, the number of concept note and funding proposal submissions by DAEs steadily increased between 2015 and 2019. However, it has shown a downward trend since 2020. In addition to project development challenges, the impact of the COVID-19 has slowed down the development of the projects/programmes by DAEs.

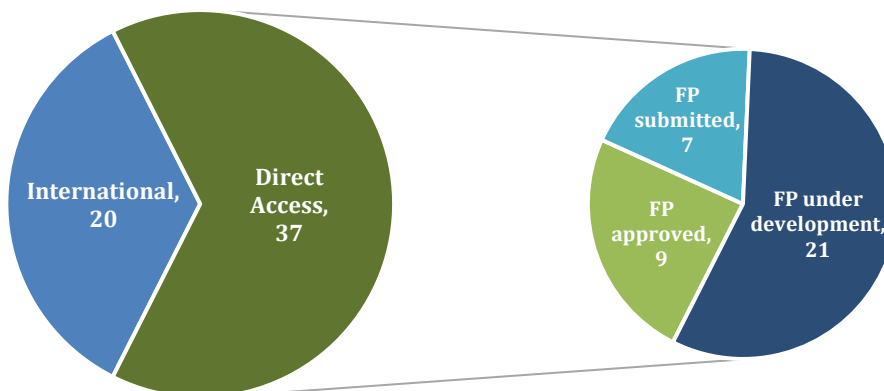
Figure 14: New proposal submissions by direct access entities, 2015–2022



Abbreviation: DAEs = direct access entities.

29. The objective of the Project Preparation Facility (PPF) is to provide funding for the preparation of GCF funding proposals, especially those targeting small-scale activities and DAEs. Since its establishment in 2015, 34 DAEs (47 per cent) have submitted PPF applications and 57 PPF applications in total have been approved, amounting to USD 37.6 million. Out of these, 37 applications (65 per cent), amounting to USD 23.6 million (63 per cent), are from DAEs. Figure 15 shows the status of funding proposals that were developed or are being developed through PPF. Seven DAE funding proposals (USD 242.8 million) have resulted from PPF and are currently in various stages of Secretariat review. Seven more will be submitted to the Secretariat sometime in 2023.

Figure 15: Status of direct access entity funding proposals developed through the Project Preparation Facility, 31 December 2022

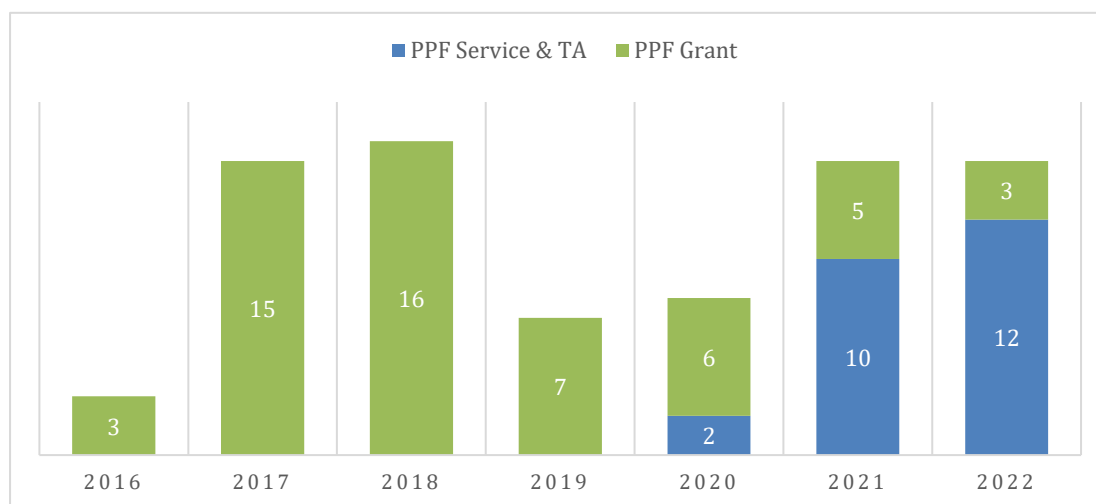


Abbreviation: FP = funding proposal.

30. New modalities under PPF were introduced in 2020 to further support DAEs in project preparation. One of these new modalities is PPF Service, which allows the Secretariat to supply project preparation services directly to the AEs through a roster of independent consultancy firms. This provides fast and quality delivery of project preparation support to DAEs that wish

to reduce their transaction costs by avoiding taking on the procurement and management of PPF grants by themselves. Another new modality is the technical assistance (TA) modality, which is provided to DAEs that require support in concept note development (e.g. strengthening the climate rationale, aligning their proposals with the investment criteria as well as fulfilling specific studies when needed) or funding proposal strengthening (e.g. fulfilling missing technical studies and sharpening the project design). Figure 16 shows that uptake of the PPF Service and TA by DAEs has increased since these modalities were introduced.

Figure 16: Approved Project Preparation Facility support to direct access entities by modality, 2016-2022



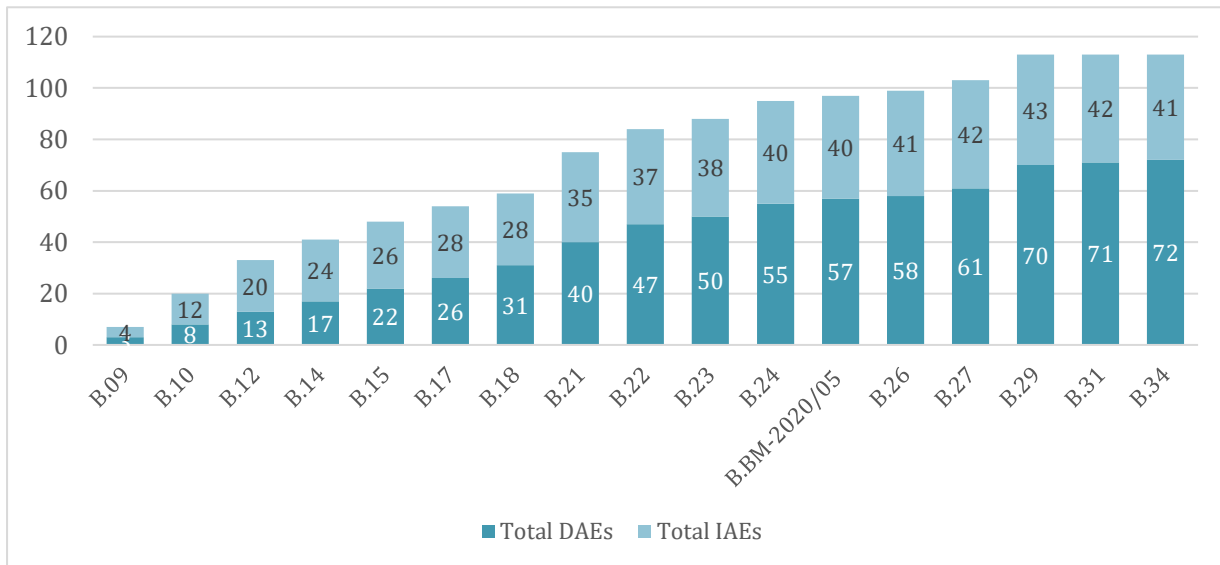
Abbreviations: PPF = Project Preparation Facility, TA = technical assistance.

2.2 Direct access entity accreditation portfolio and pipeline

31. As of 31 January 2023, GCF has 113 AEs, of which 72 are DAEs (64 per cent), as shown in figure 17. Of those 72 DAEs, 43 DAEs have an effective accreditation master agreement (AMA), and 10 other DAEs have an executed AMA that is not yet effective. There are currently 27 DAEs with one or more approved funding proposals. In the early days of GCF, the number of IAEs outnumbered the number of DAEs. However, by the end of the IRM, the

32. number of DAEs had overtaken the number of IAEs. This increase in DAEs did not lead to a proportional increase in the number of DAE funding proposals approved.

Figure 17: Total entities accredited by the GCF Board



Abbreviations: B = Board meeting, DAEs = direct access entities, IAE = international access entities.

2.3 Activities to facilitate access for direct access entities

33. When working with DAEs on funding proposals, there are three main barriers to the development of proposals that meet GCF standards:

- (a) Lack of understanding of the AE of the GCF project cycle, policies and procedures, particularly those that are new or revised;
- (b) AE capacity constraints, resulting from limited expertise or personnel availability; and
- (c) English as the working language of GCF, which can add time and transaction costs for translation and interpretation for DAEs whose working language is not English.

34. Consequently, the Secretariat has supported DAEs in overcoming these barriers by:

- (a) Providing detailed and specific instructions on GCF policies and procedures as part of the funding proposal review process, and guiding the AE to the existing resources for reference (e.g. Enhancing Direct Access Guidelines);
- (b) Offering technical assistance through the Readiness and Preparatory Support Programme (RPSP) for capacity-building initiatives and activities related to the implementation of new policies (e.g. the Integrated Results Management Framework);
- (c) Deploying technical assistance, both through PPF service firms and individual consultants;
- (d) Communicating in the working language of the DAE with the support of GCF personnel from the country/region and dedicated country missions; and
- (e) Engaging frequently through video calls, emails and in-person meetings on the margin of GCF-hosted events.

35. More frequent, comprehensive and hands-on project development support, including knowledge transfer from external firms and consultants, will be needed to increase the number of DAE funding proposals. The draft strategy for the RPSP to be presented for Board consideration in 2023 proposes to address this by opening a funding window dedicated to



DAEs. The draft PPF strategy to be presented to the Board at a future meeting also intends to accelerate direct access to GCF through full complementarity with RPSP and DAE capacity-building. The activities will be essential to enable GCF to double the number of DAEs with approved GCF projects/programmes as envisioned in the most recent draft of the Updated Strategic Plan for GCF-2.

III. Funding proposal package guide

36. Seven funding proposals are presented as individual addenda (see document GCF/B.35/02/Add.01–07), each containing seven parts:
- (a) Part A. The funding proposal,⁸ as submitted by the AE;
 - (b) Part B. The no-objection letter(s), as issued by the national designated authority(ies);
 - (c) Part C. The environmental and social report disclosure document;
 - (d) Part D. The Secretariat’s assessment;⁹
 - (e) Part E. The independent TAP’s assessment;
 - (f) Part F. The response from the AE to the independent TAP’s assessment; and
 - (g) Part G. The gender assessments and action plans.
37. The following additional addenda are provided to supplement the seven funding proposal packages referred to above:
- (a) Document GCF/B.35/02/Add.08: the funding proposal packages for FP205, including the full funding proposal, term sheet and the Secretariat’s assessment;¹⁰
 - (b) Document GCF/B.35/02/Add.09: the list of proposed conditions and recommendations for FP199–FP205. The Board is requested to review the proposed conditions and recommendations, which it may choose to adopt in full or in part, for inclusion in the draft decision (see annex I); and
 - (c) Document GCF/B.35/02/Add.10: the term sheets for FP199–FP204 setting out, in summary form, the key terms and conditions relating to the proposed funded activity.
38. On the basis of the information and assessments presented, the Board is requested to arrive at a decision for each funding proposal. Pursuant to decision B.17/09, the Board has three decision options:
- (a) To approve the funding proposal;
 - (b) To provide an approval that is conditional on modifications to project or programme design or that is subject to the availability of funding; or
 - (c) To reject the funding proposal.
39. Once the decision is made, it will be recorded by the Secretariat and communicated to the Trustee. The Secretariat will also inform the AE and the national designated authority or focal point of the decision and the next steps. In the case of rejection, the Secretariat will inform the national designated authority/focal point that they may request reconsideration of the funding decision via the Independent Redress Mechanism.¹¹

⁸ Owing to the confidentiality of the private sector proposals, a funding proposal summary package is presented.

⁹ For confidentiality purposes, the Secretariat’s assessment of private sector proposals is made available only on a secure website.

¹⁰ For confidentiality purposes, this addendum is made available only on a secure website.

¹¹ See decision B.17/09.

Annex I: Draft decision of the Board

40. The Board, having considered document GCF/B.35/02 titled “Consideration of funding proposals”:
- (a) Takes note of the following funding proposals:
- (i) Funding proposal 199 titled “Public-Social-Private Partnerships for Ecologically-Sound Agriculture and Resilient Livelihood in Northern Tonle Sap Basin (PEARL)” by the Food and Agriculture Organization of the United Nations (FAO), as contained in document GCF/B.35/02/Add.01 and 10;
 - (ii) Funding proposal 200 titled “Scaling up the implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management (Project 2)” by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as contained in document GCF/B.35/02/Add.02 and 10;
 - (iii) Funding proposal 201 titled “Adapting Philippine Agriculture to Climate Change (APA)” by the Food and Agriculture Organization of the United Nations (FAO) as contained in document GCF/B.35/02/Add.03 and 10;
 - (iv) Funding proposal 202 titled “Upscaling Ecosystem Based Climate Resilience of Vulnerable Rural Communities in the Valles Macro-region of the Plurinational State of Bolivia (RECEM-Valles)” by the Food and Agriculture Organization of the United Nations (FAO) as contained in document GCF/B.35/02/Add.04 and 10;
 - (v) Funding proposal 203 titled “Heritage Colombia (HECO): Maximizing the Contributions of Sustainably Managed Landscapes in Colombia for Achievement of Climate Goals” by the World Wildlife Fund, Inc. (WWF), as contained in document GCF/B.35/02/Add.05 and 10;
 - (vi) Funding proposal 204 titled “Sustainable Renewables Risk Mitigation Initiative (SRMI) Facility (Phase 2 Resilience focus) [SRMI-Resilience]” by the World Bank, as contained in document GCF/B.35/02/Add.06 and 10; and
 - (vii) Funding proposal 205 titled “Infrastructure Climate Resilient Fund (ICRF)” by the Africa Finance Corporation (AFC), as contained in document GCF/B.35/02/Add.08;
- (b) Approves funding proposal 199, submitted by the Food and Agriculture Organization of the United Nations, for the amount of USD 36,231,981, subject to the conditions set out in document GCF/B.35/02/Add.09 and in the respective term sheet set out in document GCF/B.35/02/Add.10;
- (c) Also approves funding proposal 200, submitted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, for the amount of EUR 32,823,444, subject to the conditions set out in document GCF/B.35/02/Add.09 and in the respective term sheet set out in document GCF/B.35/02/Add.10;
- (d) Further approves funding proposal 201, submitted by the Food and Agriculture Organization of the United Nations, for the amount of USD 26,273,510, subject to the conditions set out in document GCF/B.35/02/Add.09 and in the respective term sheet set out in document GCF/B.35/02/Add.10;
- (e) Approves funding proposal 202, submitted by the Food and Agriculture Organization of the United Nations, for the amount of USD 33,300,000, subject to the conditions set out in document GCF/B.35/02/Add.09 and in the respective term sheet set out in document GCF/B.35/02/Add.10;



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- (f) Also approves funding proposal 203, submitted by the World Wildlife Fund, Inc., for the amount of USD 42,974,559, subject to the conditions set out in document GCF/B.35/02/Add.09 and in the respective term sheet set out in document GCF/B.35/02/Add.10;
- (g) Further approves funding proposal 204, submitted by the World Bank, for the amount of USD 160,000,000, subject to the conditions set out in document GCF/B.35/02/Add.09 and in the respective term sheet set out in document GCF/B.35/02/Add.10;
- (h) Approves funding proposal 205, submitted by Africa Finance Corporation, for the amount of USD 253,755,000, subject to the conditions set out in document GCF/B.35/02/Add.09 and in the respective term sheet set out in document GCF/B.35/02/Add.08;
- (i) Reaffirms that pursuant to annex IV to decision B.17/09, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of GCF with accredited entities and other parties involved in respect of funding proposals approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and
- (j) Authorizes the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the policy on fees and the general principles and indicative list of eligible costs covered under GCF fees and project management costs adopted by the Board pursuant to decision B.19/09.
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