

Annotated inputs for the draft guidance to the Green Climate Fund (GCF)

<i>Elements</i>	<i>Sub-elements</i>	<i>Proposed inputs</i>	<i>To be considered: (1) Commonly by the COP and the CMA or; (2) Specifically by the CMA.</i>	<i>Rationale for the inputs</i>	<i>Source of information / reference</i>
Policies					
Programme priorities	Project-specific Assessment Approach (PSAA)	<p><i>Welcomes</i> the Board's decision (B.31/06) to approve the "Project-specific Assessment Approach (PSAA)" pilot. The PSAA is a capacity assessment of an entity to meet GCF accreditation standards to implement one innovative climate project/programme. The one project/programme is aligned with developing countries' priorities and GCF's strategic objectives. The duration of the pilot is only three years (April 2023 – March 2026), and it will include the assessment of up to 10 funding proposals per year. There is a recommendation to extend the duration of the pilot.</p>	(1)	According to the report of B.38 , the first proposals under the PSAA window will be sought for consideration by B.40	<p>Board decision B.31/06</p> <p>Report of the thirty-eighth meeting of the Board B.38</p>
Programme priorities	Strategic Plan for the Green Climate Fund 2024–2027	<p><i>Welcomes</i> the fact that one of the goals of the Strategic Plan 2024 – 2027, is to double the number of Direct Access Entities (DAE) with funding proposals approved by the GCF. Achieving this requires enhancing DAE's capacity to develop proposals for the GCF, given the technical requirements of the Fund when reviewing and approving projects. As a result, it is recommended to consider transitioning the project portfolio of countries that have already made progress in structuring concept notes with International Accredited Entities and have sought to involve DAE.</p>	(1)	International accredited entities (IAEs) account for 80 per cent of approved funding. Out of the total approved GCF funding of USD 13.9 billion, USD 2.8 billion was channelled through DAEs, while 11.1 billion was channelled through IAEs. There is a need to enhance the capacity of the DAEs in structuring high-impact projects and to consider their potential involvement in projects led by the IAEs.	<p>Strategic Plan for the Green Climate Fund 2024–2027</p>

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Eligibility criteria	Investment framework	<i>Requests</i> the Board to take into consideration that although several developing countries are making progress in developing strategies and a comprehensive set of instruments to finance environmental and climate change actions, there is a need to attract more provision resources from international sources to meet local and global ambitions, as it is essential for middle-income countries to also receive concessional financing. In this regard, efforts should be made to develop mechanisms that reflect the needs of these countries, allowing them to raise their ambitions while maintaining fiscal sustainability and the perception of country risk.	(1)	Several low- and upper-middle-income countries have high climate vulnerability and face serious challenges to their external debt sustainability. A major cause for concern is that most (71%) of climate finance continues to be provided in the form of debt and is mainly channelled towards mitigation, while recent estimates of annual adaptation costs for developing countries have risen to USD 250 billion by 2030 (UNCTAD, 2022). The report 'A World of Debt' by UNCTAD, published in July 2023, shows that public debt in developing countries has grown 54% more in the last decade than in developed countries. This report also highlights that interest payments have increased faster (60.4%) than other public spending categories such as education (40.8%), investment (41.1%), and health (54.7%). Currently, half of developing countries spend more than 1.5% of their GDP and 6.9% of their public revenue on interest payments	UNCTAD, 2022
Others					