



Submission by the Czech Republic and the European Commission on behalf of the European Union and its Member States

Subject: Views and recommendations on elements of guidance for the Green Climate Fund

Prague, 7th September 2022

1. The EU and its Member States recognize the importance of the Green Climate Fund (GCF), as the world's largest dedicated climate fund to providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.
2. Given the urgency and need for significantly scaled up climate finance to reach the 1.5°C target, as highlighted in the recent IPCC reports, the EU emphasizes the need for the GCF programming to be guided by the objectives of the Paris Agreement in order to aim for the highest possible impact and to enable a paradigm shift towards low emission and climate-resilient development pathways.
3. The EU and its Member States welcome the launch of the second replenishment period of the GCF (GCF-2), which is being open and inclusive, and call on any potential contributor to reinforce the ambition and impact of the Fund.
4. The EU and its Members States recognize the progress made with regards to the impact-orientation of the Fund's project landscape and stresses the importance of continuing to improve the overall quality of the portfolio including the need for additional guidance to allow for prioritization of high impact and high-quality funding proposals. We call for further transparency and information regarding projects under implementation.
5. The EU and its Members States underline the need to enhance efforts to promote innovation and to mobilize climate financing at scale from other sources, not least the private sector, through strategic and calculated risk taking and diversification of financial instruments.

6. The EU and its member states welcome the provision of a window in the GCF Readiness Programme for enhancing the support for technology development and transfer, through improved coordination between the National Designated Authorities of the GCF and the National Designated Entities of the Climate Technology Centre and Network. The EU and its member states encourage the GCF to continue to support countries in their efforts to strengthen technology development and transfer.

7. Highlights the important role of the GCF with regards to support the shift of financial flows in line with Article 2.1.c of the Paris Agreement. The EU and its Member States request the GCF's upcoming Updated Strategic plan to promote activities to support countries and accredited entities in shifting financial flows in line with Art. 2.1.c of the Paris Agreement, noting that this is relevant across all programmatic areas including beyond the private sector.

8. The EU and its Member States welcome the adoption of the Fund's Private sector strategy at its 32nd Board meeting and look forward to its swift and effective implementation, as well as its further development for GCF-2. In this regard, we emphasize the importance of developing the fund's variety of financial tools, including equity and guarantees, as well as the prioritisation of local MSMEs financing in the SIDS and LDCs and private sector projects led by DAEs.

9. We welcome the adoption of the Updated Accreditation Framework, the Simplified Approval Process, the Project-Specific Assessment Approach, and the Guidance on the approach and scope for providing support to adaptation activities. The EU and its MS request the GCF to close all remaining policy gaps as a matter of urgency, such as the Accreditation strategy and the Investment Framework (i.e. concessionality, programmatic approach and incremental and full costs). We urge the Board to take additional action to improve and speed up its decision making, including through decisions in between Board meetings and a review of the effectiveness of committees and groups.

10. The EU encourages the GCF Board to further advance a joint approach across its Board ("One Board" approach) to improve the efficiency and effectiveness of its decision-making,



with a view to facilitate work across constituencies. The EU and its Member States believe that the GCF has a unique role to play in providing support to developing countries in promoting a paradigm shift and supporting the implementation of the Paris Agreement and the Convention, and must be supported by all stakeholders to make full use of its potential.

11. We emphasize the need to increase the impact and ambition of the GCF in terms of mitigation action in developing countries especially in light of the goal to limit the temperature increase to 1.5°C and to support developing countries and encourage partner organizations in implementing ambitious mitigation actions to support a transition towards zero carbon economy.

12. The EU and its Member States welcome the 49:51 balance achieved by the Fund between adaptation and mitigation funding over time, calculated in grant-equivalent, and encourage for further adaptation financing to be provided to developing countries that are particularly vulnerable to the adverse effects of climate change, including small island developing States, least developed countries and African States, taking into account their urgent and immediate needs, while aiming to build on initial resource mobilization and first replenishment outcomes.

13. We note the launch of the selection process of the next Executive Director of the GCF Secretariat and welcomes the comprehensive assessment of the mandates and responsibilities delegated by the Board to the Executive Director, as an indispensable part of the governance review of the Fund.

14. As a matter of good governance, the EU and its Member States also stress the importance of the selection of Board-appointed officials, such as the Head of Independent Evaluation Unit – which is pending for more than two years – and the Head of the Independent Redress Mechanism, as a matter of urgency.

15. The EU and its Member States underline the importance of building capacities in developing countries, including by strengthening cooperation between international and direct access entities, and promoting long-term sustainability of interventions beyond



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project lifetimes and thereby emphasizes the need to enhance direct access and strengthen country ownership.

16. The EU and its Member States recall the adoption by the GCF Board of the Gender Policy and Gender Action Plan in 2019 at its 24th Meeting and encourage the GCF to closely monitor the implementation of this action plan, and to enhance its ambition in its next version.