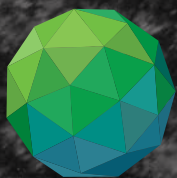

Turning Ambition into Action

How the Green Climate Fund
is delivering results



GREEN
CLIMATE
FUND

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Foreword

The Green Climate Fund is delivering results. Our support helps developing countries adapt to the impacts of climate change, while also driving their transformation towards a low-emissions future.

You can see the impact of our work reflected in the pages of this publication, which shows how GCF resources are already transforming lives and protecting the planet.

Climate change is coming at us fast, and its impacts are already here. There is no time to lose. The Special Report on Global Warming of 1.5°C report by the Intergovernmental Panel on Climate Change shows we need to redouble our efforts to rein in climate change, while the World Meteorological Organization has warned record emission levels threaten to close the window of action. We can still succeed, if we combine ambition with resources to drive action.

Climate finance is crucial to respond to the urgent need to act. It is vital to the success of the Paris Agreement. GCF acts as a force multiplier to help direct the flow of climate finance to where it is needed most, and to catalyse investments from the public and private sectors.



Javier Manzanares,
GCF Executive
Director *ad interim*

A stylized, handwritten signature in dark ink, appearing to read 'JManzanares'.

In just three years since our first projects were approved by our Board, we have taken huge strides forward. As the world's largest dedicated climate fund, we finance climate action in developing countries, with a particular focus on the most vulnerable. Least Developed Countries, Small Island Developing States, and African States currently receive around 70 percent of our adaptation support.

We have made a successful start. And we are already looking ahead to an ambitious future. The launch of the Fund's first replenishment reflects how fast we are moving, and how great the demand is for us to do more. I would like to thank the leadership and generosity of the 44 countries and regions and the city of Paris which have contributed to GCF's successful initial resource mobilization period.

We now have a pipeline of more than USD 17 billion of demand from developing countries, and it is growing by the day. Our role is not only to respond to that demand, but to change ambition into transformative action. An ambitious and successful replenishment is critical to achieve that aim.



Introducing GCF

The Green Climate Fund (GCF) is the world's largest dedicated fund helping developing countries reduce their greenhouse gas emissions and enhance their ability to respond to climate change. It was set up by the United Nations Framework Convention on Climate Change (UNFCCC) in 2010. GCF has a crucial role in serving the Paris Agreement, supporting the goal of keeping average global temperature rise well below 2 degrees C. It does this by channelling climate finance to developing countries, which have joined other nations in committing to climate action.

GCF finances are now driving catalytic change in 96 countries through 93 projects. The USD 4.6 billion it is deploying is leveraging a total of USD 16 billion in investment. This equates to an anticipated 1.4 billion tonnes of CO₂ equivalent avoided and 272 million people benefiting from increased climate resilience.

In October 2018, GCF began its first replenishment. GCF's activities to date have been based on its initial resource mobilization in 2014, which raised USD 10.3 billion in pledges from 46 countries and regions (including nine developing countries) and the city of Paris. By the end of 2018, GCF will have received around USD 7 billion, the majority of which has already been allocated for climate adaptation and mitigation.

This publication provides a snapshot of GCF progress to date. Since starting to build its portfolio in 2015, GCF has taken great strides forward, and achieved results:

- [Contributing to global climate ambition](#)
- [Part of the green energy transition](#)
- [Helping people and planet adapt to climate change](#)
- [Strengthening our 75 partners for greater impact](#)
- [Creating a country driven model](#)
- [Catalysing private investment](#)
- [A fully operational Fund](#)

The following pages illustrate how far we have come, and indicates our ambition for the future.

FUNDED ACTIVITIES

93

USD 4.6 billion

Projects approved

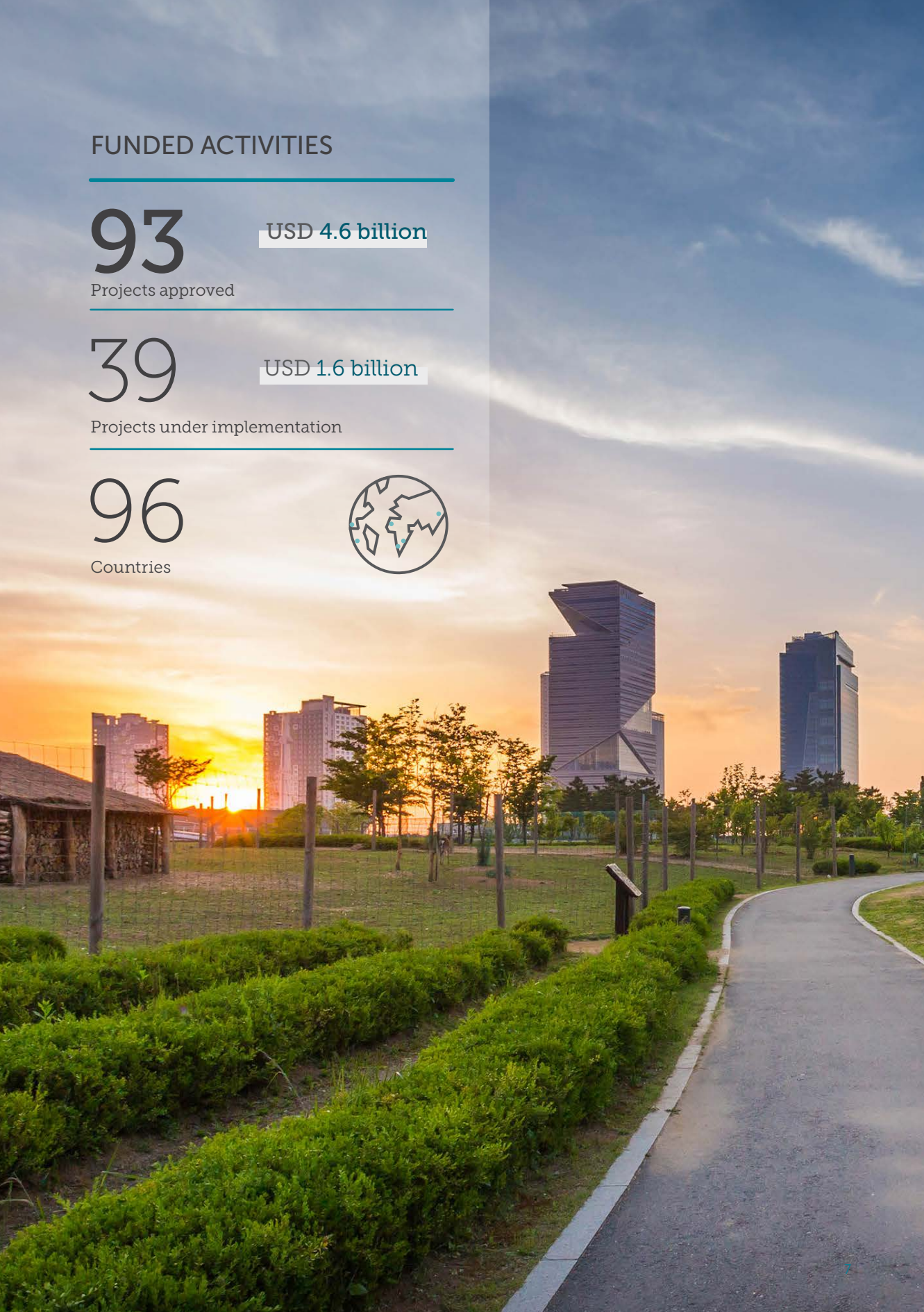
39

USD 1.6 billion

Projects under implementation

96

Countries



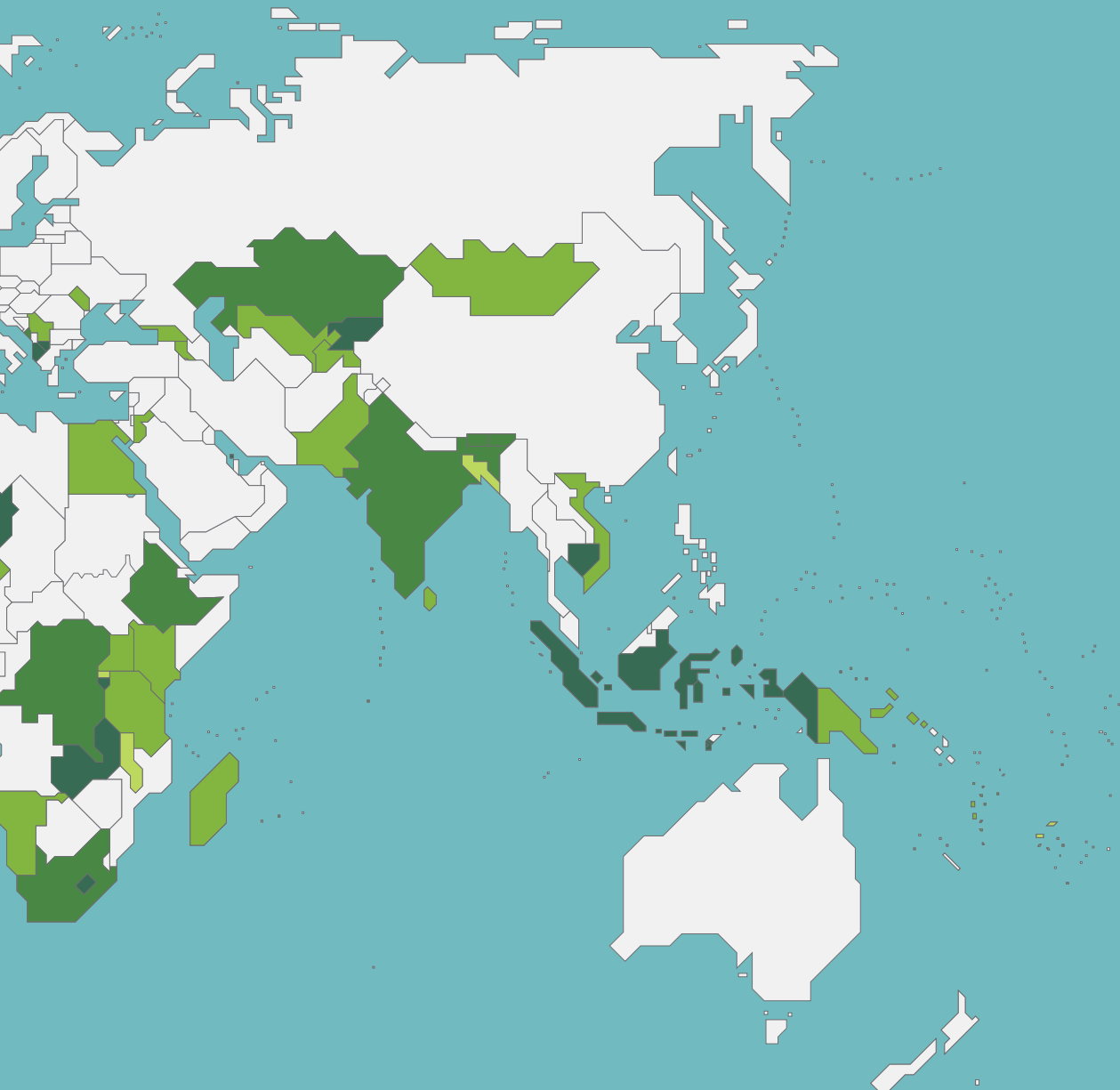
Contributing to global climate ambition

USD 4.6 billion allocation of climate finance has been focused on countries most in need. These include 34 Least Developed Countries, 20 Small Island Developing States, and 36 African states.

A GROWING PORTFOLIO



GCF will continue to balance its climate finance support between mitigation and adaptation. This includes directing half of its adaptation allocation to particularly vulnerable countries, including Least Developed Countries (LDCs), Small Island Developing States (SIDS), and African States. GCF support is linked closely to global goals as it helps developing countries achieve their Nationally Determined Contributions, which chart national mitigation and adaptation targets under the Paris Agreement.



Replenishing the GCF will allow it to continue playing a critical role in supporting developing countries shift to a low-emission and climate-resilient path.

Patricia Espinosa,
UNFCCC Executive Secretary



Part of the green energy transition

GCF mitigation programmes have combined concessional finance with policy support and USD 1.8 billion in investment in renewable energy and energy efficiency around the world.

The need to reduce the emissions intensity of energy production is pressing. The International Energy Agency predicts a rapidly urbanising world will require a 30 percent expansion of current energy demand within a little over 20 years – equivalent to adding the power needs of another Shanghai every four months. Now is the time when emerging economies need to leapfrog from an outdated reliance on fossil fuels to establish new sources of sustainable power and enhance the efficiency of the way they use energy.

The cost of renewable energy and energy efficiency is falling fast, but initial investment sources to kickstart new renewable and energy efficiency markets are often missing in developing countries. GCF mitigation programmes have combined concessional finance with policy support and USD 1.8 billion in investment in renewable energy and energy efficiency around the world.

CRUCIAL TIME TO INVEST IN EMISSIONS REDUCTION

The 2018 New Climate Economy report projects that in the next 10 to 15 years around USD 90 trillion will be invested in infrastructure in the world's urban, land use and energy sectors. This makes it clear that efforts to forge inclusive, low-emissions and resilient pathways must be ramped up.

GCF is working with developing countries in all these sectors to reduce emissions. This includes its strategic support to nurture burgeoning markets in clean energy.

GCF REDUCES RENEWABLE COSTS IN EGYPT

In Egypt, GCF's financial assistance to bridge this gap has helped halve the cost of producing renewable energy by generating new flows of private finance. GCF is working with the European Bank for Reconstruction and Development (EBRD) to implement a USD 1 billion project aimed at creating a new Egyptian renewable energy financing framework. Reverse auctions, in addition to the earlier introduction of feed-in tariffs, has helped reduce the price of private sector bids to produce energy production from USD 8 ½ cents per kilowatt hour to about 3 cents.

The dual investments by GCF and EBRD will also help build a massive array of solar panels in the southern village of Benban, billed to become the world's largest solar park. This will help Egypt achieve its plan to power 20 percent of its energy needs using renewables by 2020. GCF is using similar financing models, tapping the private sector, in other renewable energy projects in Kazakhstan and Zambia.



Through our contribution to the Green Climate Fund, we are sending a strong signal that we are standing together. This is well-invested money, because it will help to foster climate-friendly solutions worldwide. We will encourage other industrialised countries to make similar pledges, and we will seek to get emerging economies to join the effort.

Svenja Schulze,
Federal Minister for the Environment,
Nature Conservation and Nuclear Safety, Germany



Helping people and planet adapt to climate change

GCF's commitment to dedicate 50 percent of its portfolio to adaptation has included climate investments in areas such as ecosystems, forests, agriculture, water security, and early warning systems. These measures protect communities and enhance sustainability.

ADAPTING TO A NEW CLIMATE

Damaging climate effects are becoming increasingly evident. In addition to the immediately apparent devastation of hurricanes, climate effects also come in more slow-moving but equally destructive forms. Climate-driven drought threatens billions of people living on farmland that is deteriorating and producing less food, and health risks related to climate change are already rising. While climate impacts manifest in many forms, they share a common aspect – they highlight the need to take preventative action.



HELPING MOROCCO'S BERBER WOMEN FARM FOR SUSTAINABLE FUTURES

Those who rely on the land for their livelihoods are particularly exposed to vagaries of the weather, exacerbated by climate change. A supercharged global atmosphere threatens to place further strain on the link between agriculture and people's wellbeing. A recent report indicates climate disasters, particularly drought, together with human conflicts drove the number of people facing crisis levels of hunger up by about 15 percent last year.

GCF is working with the Agency for Agricultural Development of Morocco to help farmers move to more climate-resilient and profit-making crops. This project is helping to recover degraded lands in Morocco by planting argan trees, the nuts of which produce a "liquid gold" which has become increasingly popular in global cosmetics and food industries during the past few years. The deep-rooted argan trees are critical in protecting water resources and preventing soil erosion, while their widespread planting also comes with mitigation benefits by locking carbon in the ground. This climate finance initiative is targeting cooperatives run by local Berber women. It is expected to improve their livelihoods and boost literacy, dovetailing with the GCF milestone of being the first climate finance mechanism to mainstream gender perspectives.



USING EARLY WARNING TO REDUCE GLACIER DISASTER IN PAKISTAN

As extreme weather intensified by climate change batters our societies and economies, early warning is becoming more important. Heeding developing country calls for assistance in better preparing their people for climate disasters, GCF has been stepping up its support for climate early warning systems. These are designed to improve weather forecasting and, just as importantly, disseminate climate information to ensure communities are informed and prepared.

While glaciers have taken eons to form, the breaking banks of glacial lakes caused by climate change-induced melting can unleash death and widespread destruction in moments. The United Nations Development Programme (UNDP) estimates over 7 million people in northern Pakistan, many poor, are threatened by the millions of cubic metres of water and debris that can be unleashed when glacial lake banks are breached. GCF is working with UNDP to provide climate finance to predict imminent danger and help shore up the defences of these residents to flooding. This involves creating at least 250 small-scale engineering structures, such as dams and spillways, and introducing early warning systems to increase the ability of these remote communities to respond rapidly to floods.



MERGING MITIGATION AND ADAPTATION BENEFITS

Climate action can provide joint benefits. Measures that reduce emissions can also enhance the resilience of societies to withstand the impacts of a changing climate. A number of GCF's cross-cutting projects boost efforts to increase mitigation and enhance adaptation together. Its work in forests provides a prime example.

AMAZON EFFORTS TO KEEP TREES STANDING

Forests are often under-served by climate finance. GCF support for forest protection is boosting adaptive capacities and capitalising on the ability of trees to store carbon naturally. This support is also helping reverse a deforestation trend, which last year impacted an area of tropical tree cover the size of Bangladesh. GCF has approved 10 forest-based projects, totalling USD 314 million. The recent launch of its REDD+ results-based payments pilot programme means it is the only funding mechanism which supports all three phases of REDD+. These cover the readiness phase, the implementation of national strategies and results-based demonstration activities, and results-based actions.

“Despite its large mitigation potential, forest protection currently receives less than 2 percent of climate finance.”

Frances Seymour,
a well-known forest expert at the World Resources Institute

GCF is financing projects in Ecuador and Peru to help protect the Amazon - the planet's largest rainforest. In Ecuador, GCF is working with the United Nations Development Programme (UNDP) on a REDD+ initiative aimed at helping the country achieve a goal of net zero deforestation by 2020. A GCF project in Peru's northern Datem del Marañón province supports indigenous communities manage the land in ways that avoid deforestation and the large-scale release of greenhouse gases stored in local peatlands. Alberto Paniagua, chief executive officer of the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), GCF's project partner, says the initiative is helping save the “planet's lungs,” while also benefitting the people who live in the rainforest. “The local indigenous people have come to realise our goal is to help them continue their traditional lifestyles, but in ways that don't harm the environment,” he said.

The Caribbean supports the full replenishment of the GCF. The need for support from the donor countries in this process cannot be over-emphasized.

Keith Mitchell,
Prime Minister of Grenada



Strengthening our 75 partners for greater impact

GCF relies on its expanding network of partners to deliver results across the spectrum of climate action to promote low-carbon and climate-resilient paths. GCF draws upon the global reach of its international Accredited Entities and the specialized knowledge of its Direct Access Accredited Entities to translate innovative climate action ideas into projects on the ground. International Accredited Entities include multilateral development banks that have already established strong records in promoting the growth of developing countries. Also, in order to strengthen the climate rationale in sustainable development activities, GCF is collaborating closely with a number of UN agencies. Direct Access Accredited Entities include sub-national, national or regional organisations with strong grassroots links to local innovation.

GCF's Accredited Entities, currently numbering 75, include a broad range of representation from the public, private, and non-profit sectors – highlighting the breadth of expertise and capacities key to driving climate action.

DIRECT ACCESS



The commonality among these organisations is their ability to develop climate finance proposals along with the capacities to implement them. They must also meet GCF standards of responsible climate finance based on financial standards, environmental and social safeguards, and gender. In addition to GCF's regular funding cycle, its Readiness programme helps to upgrade the capacities of local organisations to submit and implement climate finance proposals.

PRIVATE SECTOR



INTERNATIONAL ACCESS





Creating a country driven model

National priorities are the corner stone of GCF support to developing countries. This includes building their capacity to deliver on their climate ambitions.

Every country in the world is impacted by climate change. The Paris Agreement shows that countries are ready to work together in response. But the targets, priorities, and responses need to be determined by each country. GCF has built this principle of country ownership into all its activities to ensure that climate solutions are implemented according to priorities set by the countries themselves. A defining feature of GCF's country driven principle is its Readiness programme, which provides grants and technical assistance to developing countries to improve their ability to prioritise and programme climate action, and to enhance access to climate finance from GCF and other sources.

READINESS AND PREPARATORY SUPPORT PROGRAMME

200

Readiness grants **approved**



114

USD million committed



113

Countries given access



VANUATU REDUCES ITS CLIMATE RISK

Vanuatu provides a good example of how GCF's Readiness programme can empower developing countries to chart their own courses turning climate finance into climate action, moving from concept idea to implementation. Vanuatu partnered with the Secretariat of the Pacific Regional Environment Programme (SPREP) to obtain GCF Readiness funding to better understand the island nation's climate needs across all sectors. This led to the development of a solid case for investing in climate information services. These are intended to allow countries to better prepare their people for climate disasters through improved weather forecasting and by disseminating climate information to ensure communities are informed and prepared.

GCF's Readiness funding led to the design of a full project proposal harnessing climate information services for resilient development in Vanuatu. Approved by the GCF Board in December 2016, this project is now being implemented to build the resilience of critical industries and services in Vanuatu, including tourism, agriculture, infrastructure, water management and fisheries. The country-driven case for early warning is strong in this vulnerable Small Island Developing State, ranked the world's most disaster-prone country in 2017 and 2018. This project will improve the country's ability to weather climate disasters, such as Cyclone Pam which was estimated to have affected more than half of the national population and damaged 90 percent of buildings in the capital Port Vila following landfall in March 2015.





Catalysing private investment

This is done by using GCF resources to unlock new markets, crowd-in investors, and overcome barriers to private sector climate investment.

TAPPING THE POWER OF THE PRIVATE SECTOR

The sheer scale of the climate challenge means that even though GCF is the largest international climate finance fund, it cannot hope to match the vast levels of financial resources available in the private sector. Combating climate change will require the global flow of private sector investment to align with low emission, climate-resilient pathways. A key GCF feature is its ability to partner with the business world to mobilise institutional investors at scale to fund climate action, and to encourage local private sectors in developing countries to deliver climate solutions. GCF is continuing to search for innovative ways to help businesses combine profits with planetary protection, and half of its portfolio is managed by its Private Sector Facility.



MONGOLIA FOSTERS LOW-CARBON ENERGY ENTREPRENEURS

Mongolia provides an example of how GCF's investments are overcoming financial barriers to create new markets in renewable energy and energy efficiency. GCF is providing finance to enable small businesses to borrow from XacBank, a local bank, at low-cost rates to invest in renewable energy and energy efficient equipment. These concessional loans are overcoming financial barriers caused by high full-market interest rates.

While half of Mongolia's population lives off the land as traditional herders, increasingly erratic weather is leading large numbers to move to the cities where many burn coal in open stoves. A low-carbon energy market is expected to change these polluting practices, as well as helping phase out Soviet-era coal power plants which feed the country's main electricity grids. While profit may be the main motivator driving Mongolia's new wave of low-carbon entrepreneurs, the battle against what UNICEF has labelled Mongolia's "air pollution crisis" is winning public support for renewables and energy efficiency.



BRINGING THE PRIVATE SECTOR INTO AGRICULTURE ADAPTATION

Whilst the vast majority of private sector climate investments currently focus on clean energy, there is a huge potential to engage the local private sectors in different countries to build climate resilience. GCF is making an equity investment of USD 23 million in the Acumen Resilient Agriculture Fund to transform the pattern of investment in adaptation within developing countries. This is designed to supplement grant-based adaptation interventions with investment through blended finance. This project supports innovative private sector entrepreneurs offering financial services to smallholder farmers, helping them to access the finance needed to build climate resilience. It covers Ghana, Nigeria and Uganda, and is intended to finance more than 200 renewable energy and energy efficiency projects.





A fully operational Fund with the standards and systems for effective and efficient operations

SAFEGUARDS

GCF ensures that the climate finance it allocates does not harm local communities or ecosystems. GCF standards include equitably managing environmental and social risks in relation to its activities, as well as implementing an Indigenous People's Policy to reflect the importance of fully and effectively engaging with indigenous peoples in the design, development and implementation of the strategies and activities to be financed by GCF, while respecting their rights. GCF is also the first climate finance mechanism to mainstream gender perspectives from the outset of its operations as an essential decision-making element for the deployment of its resources.





OPERATIONS

GCF's Secretariat, based in Songdo, Republic of Korea, ensures that high quality proposals are brought to the Board for consideration, and that all its activities are undertaken efficiently and effectively. Its international staff are drawn from over 60 countries, all dedicated to enhancing access to GCF while ensuring that resources are properly allocated for maximum climate impact. The Fund's Independent Evaluation Unit provides another mechanism to evaluate the impact of activities and recommend improvements. GCF's financial resources are stewarded by the World Bank, as its trustee.

Looking to the future

The latest report by the Intergovernmental Panel on Climate Change warns us that the world is not on track to achieve the Paris Agreement. Urgent and accelerated climate action is needed to avoid the irreversible and devastating consequences of a warming planet. The next few years will determine our growth and future.

UN Environment has further alerted us to the dangers of inaction as CO₂ emissions increased in 2017 after levelling off for three years. 2018 was another year of extreme weather events and, according to the World Meteorological Organisation, the average global temperature is set to be the fourth highest on record. Now, more than ever, the world needs to come together to save the planet and people. Hence, the clarion call for ambitious, urgent, unprecedented action.

Set against this background, the GCF replenishment is a unique opportunity to reinforce global solidarity and partnerships for countries and communities most at risk from the disastrous effects of climate change. An ambitious and successful replenishment is crucial to accelerate the speed, scale and impact of climate action, focusing on countries most in need. It is also a vital stepping stone towards the mobilisation of USD 100 billion a year by 2020.

Based on past experience and its comparative advantage, GCF is ready to consolidate achievements, drive innovation and catalyse breakthroughs that promote low-carbon and climate-resilient paths. GCF will continue to work closely with its global network of partners to enhance its strategic outcomes and operational delivery to match the scale and urgency of ambitious climate action.

The GCF replenishment now underway comprises two consultations and a pledging conference planned for the end of 2019. Since the Board decided on the first replenishment in October 2018, a series of developments have set a good momentum in the lead up to COP24. The initial organizational meeting for replenishment was held in Bonn among potential contributors to discuss the process and set the foundations for the replenishment meetings.

Subsequently, Germany made an announcement of €1.5 billion – a doubling of its original contribution. The BRICS Leaders' Summit at the margins of the G20 on 30 November 2018 further emphasised the importance of a successful and ambitious GCF replenishment. Civil society partners have also raised their voices in support of GCF replenishment.

As we look to 2019, an ambitious replenishment roadmap that harnesses global leadership, capitalises on global milestones and reinforces partnerships with governments, civil society, business and other organisations is critical. The global landscape has shifted dramatically since GCF was established in 2010. Despite initial setbacks, GCF has made a successful start and is poised towards an ambitious future. A strong GCF is vital to global efforts to win the race on climate change that leaves no one behind.

- For updates on GCF's replenishment visit:
[**www.greenclimate.fund/replenishment**](http://www.greenclimate.fund/replenishment)

