



CLIMATE FINANCE ADVISORY SERVICE

SUMMARY BRIEFING

42nd Green Climate Fund Board Meeting

30 June - 3 July 2025

Dear Friend of the Climate Finance Advisory Service (CFAS),

This is the CFAS Summary Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Summary Briefing tries to provide a concise, informative update on key discussions that have taken place at each meeting and give an overview of substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the GCF.

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The CFAS Team

Summary

From 30 June to 3 July the Board of the Green Climate Fund (GCF) convened for its 42nd meeting in Port Moresby, Papua New-Guinea. The meeting's agenda focused on the revision of the Accreditation Framework and related policies; as well as the establishment of GCF regional presence. Furthermore, the Board considered the approval of 19 funding proposals (requesting USD 1,299.9 million in GCF funding), and the accreditation of eight new entities.

Opening of the meeting and adoption of the agenda

After welcoming remarks from Mr. James Marape, Prime Minister of the Independent State of Papua New Guinea, the Board Co-Chairs, Mr. Seyni Nafo (Mali) and Mr. Leif Holmberg (Sweden), opened the 42nd GCF Board meeting. New permanent Board members were announced, as well as temporary changes to the Board's composition for B.42. The meeting's agenda was swiftly adopted without amendments.

Report on the activities of the Secretariat

Ms. Mafalda Duarte, Executive Director of the GCF Secretariat introduced the report of the Secretariat, structured along three key pillars: a) Enhancing Country Ownership and Access; b) Delivering Impact and Results; and c) Focusing on People and Institutional Strengthening.

In terms of “Enhancing Country Ownership and Access” the new organizational structure established regionally organized departments in September 2024 to better address country needs through an integrated operational model. According to the Secretariat, the regional departments enable teams to hold responsibility for managing funded activities, readiness and PPF within each country, working closely with the Private Sector Facility to ensure private sector project pipelines consider the key priorities and opportunities of each country. Furthermore, the Secretariat reported to have made significant progress in operationalizing its support for country platforms, including the development of guidance which outlines pathways for countries to establish or strengthen platforms, the specific support available from GCF and the intended impact. Support has been initiated for the Brazilian Investment Platform, as well as a new Caribbean platform led by Barbados. Under the existing accreditation process, the Secretariat stated to continue to make progress with respect to the accreditation of AEs and DAEs. At B.42, 8 entities are being recommended for accreditation, seven being direct access applicants out of which three would become the first national DAEs of their respective countries (Costa Rica, Lao People's Democratic Republic, and Saint Lucia).

In the context of “Delivering Impact and Results” the Secretariat claimed to be making progress against programming projections for 2025. Of the 19 funding proposals being presented to the Board for consideration at B.42, four are the first single-country funding proposals for countries underserved by GCF, including one that has not previously received GCF financing through either single- or multi-country proposals. A revised monitoring and accountability framework (MAF) was presented to the Board for consideration at B.42. The updated MAF aims to align with the revised accreditation framework and relevant strategies, streamline reporting and facilitate policy implementation, and reinforce AE accountability with GCF support. Furthermore, the Secretariat developed GCF's framework for Locally-Led Climate Action (LLCA) informed by the globally endorsed Locally Led Adaptation Principles, GCF's investment framework and sustainability policies, a review of GCF's portfolio, and consultations with GCF partners. Regions are being supported to integrate LLCA in Readiness and in regular funding modalities.

Last but not least, in relation to “Focusing on People and Institutional Strengthening” the Secretariat has continued to advance the revision of HR policies. At B.41, the job architecture, salary scale, benefits and allowances were presented to the Board. Following consultations with the ad hoc Committee on Human Resources Matters (HRC), it was agreed that the revised Staff Rules would be included as part of the package for Board approval. The Secretariat presented the Staff Rules and Regulations for Board consideration at this meeting. At the previous meeting, the Board decided to establish a GCF regional presence, enhancing country ownership and improving climate finance accessibility, increasing efficiency and effectiveness and bringing GCF closer to developing countries, existing and potential partners, particularly DAEs. Following the mandate from B.41, the Secretariat presented consultations on implementation aspects at this meeting, followed by a dedicated paper on multilingualism at B.43.

Board members welcomed the report, in particular efforts to enhance country ownership, strengthen access and address the issue of underserved countries and regions. Some sought further clarity on the announced framework for Locally-Led Climate Action, while others suggested a more efficient approach of approving funding proposals. One Board member praised efforts to reduce screening time of concept notes and the pursuit of making the accreditation process more fit-for-purpose. He also welcomed the potential accreditation of three first national DAEs of their respective countries, while stressing the need to further elaborate gaps and challenges faced by many countries in securing DAEs.

Status of GCF resources, pipeline, and portfolio performance

As of 31 March 2025, the GCF portfolio comprises 297 projects worth USD 16.7 billion. The 297 projects and programmes are spread across 133 countries comprising the African

region (38%), Asia-Pacific region (34%), Latin America and the Caribbean (25%), and Eastern Europe (4%). The Private Sector accounts for 36% of the total approved portfolio. If the 19 funding proposals being presented at B.42 had been approved by the Board, the aggregated portfolio would comprise 316 projects or programmes, with a total GCF funding amount USD 18,008.9 million and a total value of USD 66,049.1 million, when taking co-financing into account.

Looking at the portfolio performance, as of 30 April 2025, the grant-equivalent allocation in the portfolio was approximately 41% for mitigation and 59% for adaptation in grant equivalent terms. Support for adaptation in LDCs, SIDS and Africa has remained considerably above the floor of 50 per cent in grant equivalent terms, currently 67 per cent; while the DAE portfolio volume has grown from 12% during the Initial Resource Mobilisation period to currently 20%. Out of the total approved GCF funding of USD 18 billion (incl. funding proposals approved at B.42), USD 3.6 billion (20%) is channeled through DAEs, while 14.4 billion (80%) was channeled through IAEs.

The cumulative GCF pipeline as of 31 May 2025 comprises 182 concept notes (CNs) requesting USD 10.7 billion in GCF financing (totalling USD 27.7 billion with co-financing) and 85 funding proposals requesting USD 5.3 billion in GCF funding (totaling USD 18.2 billion with co-financing).

Regarding resources, it was reported that since B.41, there has been no change in the confirmed amounts or the number of contributors for both IRM and first replenishment period (GCF-1). For GCF-2, 32 out of 35 contributors (31 countries and 1 region) have confirmed part or all of their pledges. In total, confirmed contributions now amount to approximately USD 9.6 billion equivalent out of the USD 10.6 billion pledged, including credits earned due to early payment and/or encashment. As of 31 March 2025, the total committed funding amounts to USD 20.3 billion, resulting in an available commitment authority of USD 2.3 billion. Based on signed contribution agreements or arrangements and the information from the Trustee, the Secretariat forecasts that the commitment authority available for Board Meetings in 2025 will be USD 3.7 billion. In 2025, the Secretariat projects that GCF will programme up to USD 3 billion.

Consideration of funding proposals

At its 42nd meeting, the Secretariat presented a funding proposal (FP) package consisting of 19 proposals, representing a record sum of investments amounting to USD 1.3 billion for the Board's consideration. Including co-financing, the total value of the package reached USD 3.86 billion. The investments are projected to benefit approximately 59 million people and to avoid 148.9 MtCO₂ equivalent in greenhouse gas emissions.

The proposal package comprised 10 adaptation proposals, 5 cross-cutting proposals, and 4 mitigation proposals. It included 5 private sector proposals and 14 public sector proposals. Notably, 21% of the financing within this package is to be disbursed through equity instruments, significantly above the average, while 49% of the funding will be provided in the form of grants.

Geographically, the proposals dedicate the largest share of funding to the African region (49%), followed by Asia-Pacific (40%), Latin America and the Caribbean (9%), and other regions (2%). The Secretariat highlighted that two funding proposals were submitted by first-time Direct Access Entities (DAEs), while four proposals represented first-time single-country projects in Oman, Saint Lucia, Mauritania, and Papua New Guinea.

Five of the proposals were processed through the GCF's Simplified Approval Process (SAP), and eight out of the 19 proposals benefited from the GCF's Project Preparation Facility (PPF). However, despite ongoing efforts to strengthen direct access, only three of the proposals were submitted by DAEs. One proposal was submitted through the Project-

specific Assessment Approach (PSAA).

Board Members welcomed the funding proposal package presented by the Secretariat, but also raised several concerns. Many highlighted the continued dominance of International Accredited Entities (IAEs) in accessing GCF funds, underlining the need to strengthen the role of DAEs, particularly within the Simplified Approval Process. Representatives from Least Developed Countries (LDCs) and Small Island Developing States (SIDS) called for clearer country-level allocations within multi-country programmes, noting frequent shortcomings in country ownership, especially in proposals led by IAEs.

While several proposals received positive feedback from both Board Members and Active Observers, the package also triggered extended discussions. Even two proposals were not approved and were deferred to a future Board meeting - an occurrence that has happened only once before in the Fund's history.

The first proposal not approved was **FP264**, an equity fund aimed at supporting climate-focused small- and medium-sized enterprises (SMEs) and startups in Bangladesh, India, and Mauritius. FP264 was previously already presented at B.41 but ultimately withdrawn before consideration by the Board.

The second deferred proposal was **SAP052**, which aimed to foster Early Warning Systems (EWS) in Oman, marking the country's first single-country project. Concerns raised, mainly by developed country representatives, included the lack of a crowd-in effect for the private sector, the fact that EWS systems already exist in Oman without properly analysing existing gaps, and the limited experience of the Accredited Entity, UNIDO, in implementing EWS projects. Nevertheless, this deferral is rather atypical. Funding proposals are almost never deferred on technical grounds and the project was not openly opposed or voted on by the Board.

Further discussions addressed whether the Independent Technical Advisory Panel (iTAP) has the mandate to recommend policy reforms in the respective countries that benefit from the FPs, an issue raised concerning **FP271**. Although the proposal was ultimately approved with all iTAP recommendations, it was noted that iTAP recommendations are generally not binding for the Accredited Entity.

Another lengthy discussion focused on SAP054, a drinking water project deploying SOURCE hydropanels in the Marshall Islands, Papua New Guinea, Tonga, and Vanuatu. The French Board Member, supported by others, expressed concerns that the project could create a path dependency on costly hydropanel technology, potentially crowding out more cost-effective water supply solutions in the medium term. The lack of complementarity and coherence with another GCF project (FP112) in the Marshall Islands was also criticised.

In summary, the following projects and programmes were approved by the Board at B.42:

- **SAP050:** *"Toward Risk-Aware and Climate-resilient Communities (TRACT) - Strengthening Climate Services and Impact-Based Multi-Hazard Early Warning in Maldives"* / AE: UNEP / Countries: Maldives / Theme: Adaptation / GCF funding: USD 25.0M
- **SAP051:** *"Increasing Resilience to the Health Risks of Climate Change in the Federated States of Micronesia"* / AE: SPC / Countries: Micronesia (Federated States of) / Theme: Adaptation / GCF funding: USD 17.9M
- **SAP053:** *"FISH-ADAPT: Transforming Climate Resilience and Sustainability in Saint Lucia's Fisheries Communities"* / AE: FAO / Countries: Saint Lucia / Theme: Adaptation / GCF funding: USD 14.8M
- **SAP054:** *"SOURCE Pacific Drinking Water Project"* / AE: ADB / Countries: Marshall Islands, Papua New Guinea, Tonga, Vanuatu / Theme: Adaptation / GCF funding: USD 9.0M

- **FP265:** “Climate-Resilient Landscapes for Sustainable Livelihoods in Northern Ghana” / AE: UNEP / Countries: Ghana / Theme: Adaptation / GCF funding: USD 63.2M
- **FP266:** “Strengthening the Resilience of Ecosystems and Populations in Four Regional Hubs in Northern Mauritania” / AE: UNEP / Countries: Mauritania / Theme: Adaptation / GCF funding: USD 30.9M
- **FP267:** “Scaling Up Ecosystem-Based Approaches to Managing Climate-Intensified Disaster Risks in Vulnerable Regions of South Africa (Eco-DRR)” / AE: SANBI / Countries: South Africa / Theme: Adaptation / GCF funding: USD 40.1M
- **FP268:** “Scaling-Up Resilience in Africa’s Great Green Wall (SURAGGWA)” / AE: FAO / Countries: Burkina Faso, Chad, Djibouti, Mali, Mauritania, Niger, Nigeria, Senegal / Theme: Crosscutting / GCF funding: USD 150.0M
- **FP269:** “Dairy Interventions for Mitigation and Adaptation (DaIMA)” / AE: IFAD / Countries: Kenya, Rwanda, Tanzania, Uganda / Theme: Crosscutting / GCF funding: USD 150.0M
- **FP270:** “Climate Adaptive Irrigation and Sustainable Agriculture for Resilience (CAISAR) in Cambodia” / AE: IFAD / Countries: Cambodia / Theme: Crosscutting / GCF funding: USD 80.0M
- **FP271:** “India Green Finance Facility (IGFF)” / AE: ADB / Countries: India / Theme: Mitigation / GCF funding: USD 200.0M
- **FP272:** “Protecting Livelihoods and Assets at Risk from Glacial Lake Outburst Floods (GLOFs) and Climate Change-Induced Flooding in Glacial River Basins of Nepal” / AE: UNDP / Countries: Nepal / Theme: Adaptation / GCF funding: USD 36.2M
- **FP273:** “Papua New Guinea REDD-plus RBP for Results Period 2014–2016” / AE: FAO / Countries: Papua New Guinea / Theme: Mitigation / GCF funding: USD 63.4M
- **FP274:** “Building the Climate Resilience of Children and Communities through the Education Sector (BRACE)” / AE: SCA / Countries: Cambodia, South Sudan, Tonga / Theme: Adaptation / GCF funding: USD 40.8M
- **FP275:** “Scaling Up the Deployment of Integrated Utility Services (IUS) to Support Energy Sector Transformation in the Caribbean (Phase 1) Programme” / AE: CDB / Countries: Barbados, Belize, Jamaica / Theme: Crosscutting / GCF funding: USD 26.7M
- **FP276:** “GCF’s Investment into the Global Green Bond Initiative (GGBI)” / AE: EIB / Countries: Angola, Bangladesh, Brazil, Cameroon, Côte d’Ivoire, Egypt, Kenya, Namibia, Senegal, Uganda / Theme: Mitigation / GCF funding: USD 227.0M
- **FP277:** “ATOME Villeta Green Fertilizer (AVGF) Project” / AE: IFC / Countries: Paraguay / Theme: Mitigation / GCF funding: USD 50.0M

Consideration of accreditation proposals

At B.42, the Board considered the accreditation of eight new entities, of which seven operate under the direct access modality (DAEs). These DAEs reflect a broad geographical diversity, with three based in Small Island Developing States (SIDS), two located in Africa, and one situated in a Least Developed Country (LDC). Notably, Banco Promerica (Costa Rica), the Environment Protection Fund (Lao PDR), and the Saint Lucia Development Bank became the first-ever national DAEs accredited from their respective countries. With the addition of these new applicants, the Green Climate Fund’s network of accredited entities has grown to 153 organisations, with Direct Access Entities now comprising 66% of the portfolio.

The Secretariat also reported an improvement in the efficiency of accreditation processing, noting that six of the applications were reviewed and completed within two to six months. Overall, the GCF’s Accreditation Panel is currently supporting a pipeline of more than 148 new applicant organisations, of which 107 are DAEs, underscoring the Fund’s ongoing commitment to enhancing direct access for developing countries.

Almost all the entities presented for accreditation were approved without major discussion. However, in the case of the JSC Georgian Energy Development Fund (GEDF), the German and Swedish Board Members expressed political concerns for the record. They raised doubts about whether the GEDF, as a state-owned institution, would be in a position to adequately implement GCF-funded projects in light of what they referred to as Georgia's recent "democratic backsliding," including human rights violations during protest crackdowns.

The following entities were newly accredited by the Board at B.42:

- **APL150:** Banco Promerica de Costa Rica, S.A. (Banco Promerica) / national direct access / Costa Rica / project/programme size: small
- **APL151:** Banque Nationale d'Investissement (BNI) / national direct access / Côte d'Ivoire / project/programme size: medium
- **APL152:** Development Bank of Namibia Limited (DBN) / national direct access / Namibia / project/programme size: medium
- **APL153:** Development Finance Corporation (DFC) / national direct access / Belize / project/programme size: small
- **APL154:** Environment Protection Fund (EPF) / national direct access / Lao People's Democratic Republic / project/programme size: micro
- **APL155:** JSC Georgian Energy Development Fund (GEDF) / national direct access / Georgia / project/programme size: small
- **APL156:** Saint Lucia Development Bank (SLDB) / national direct access / Saint Lucia / project/programme size: micro
- **APL157:** International Land and Forest Tenure Facility (Tenure Facility) / international access / multi-country / project/programme size: micro

Accreditation matters

One of the major agenda items at B.42 was the discussion of a comprehensive reform package aimed at streamlining the GCF's accreditation process to improve efficiency, fairness, inclusivity, country ownership, accountability, and risk management, while also enhancing direct access and aligning with the updated GCF Strategic Plan 2024–2027. This reform package was introduced as the largest policy package ever brought before the Board.

Hence, at B.42, the Board approved a revised Accreditation Framework designed to make the process faster, more transparent, and fit for purpose, while upholding high standards for fiduciary responsibility, environmental and social safeguards, and gender policies. In addition, the Board endorsed a new Policy on Fees for Accreditation to promote fairness and cost recovery, with particular benefits for smaller entities such as Direct Access Entities (DAEs). An updated Monitoring and Accountability Framework (MAF) was also adopted, replacing the previous five-year reaccreditation cycle with a system of continuous oversight and performance management for Accredited Entities (AEs). Furthermore, the Board approved a revised approach to legal arrangements with AEs, aiming to simplify and tailor agreements to focus on project implementation while ensuring predictability and transparency. The decision also introduced streamlined screening requirements for applicants and extended the fast-track accreditation process for eligible entities.

The reform package will take effect one day after the conclusion of B.43, followed by a one-year transition period to minimise disruption, with the first entities expected to be accredited under the new framework in 2026. The topic of accreditation matters sparked lengthy and detailed discussions, including several rounds of consultations. Major points of concern centred on the new Monitoring and Accountability Framework (MAF) and the proposed self-nomination approach. Only after several intensive consultation rounds held

over multiple days did the Board reach consensus on the decision text, thus avoiding the need for a formal vote on such a significant policy package.

Regional presence

At B.41, the Board decided to establish a GCF regional presence without prejudice to the geographic locations and their respective configuration(s) across all regions. The Secretariat was charged to present a proposal for operationalizing the regional presence, which should include proposed configuration(s), a selection process, and an implementation plan, considering the views of Board members at the forty-first meeting. Responding to the mandate from B.41 the Secretariat presented a document, focusing on proposing criteria, a process and a timeline for selecting host countries/cities. It also proposed a sequenced phased process for operationalizing regional presence, with a call for proposals enabling the Board to assess configuration scenarios and the implementation plan in early December 2025 based on actual country submissions. This sequencing would enhance flexibility and support a more informed and evidence-based decision-making process. Last but not least, the document outlined the operational approach for regional presence, including guiding principles, functions, and delegated authorities of regional offices and outposts.

After a prolonged discussion, the Board decided to adopt the terms of reference for the selection of the host countries for GCF regional presence and requested the Secretariat to launch a call for proposals to host regional presence. The deadline for the submissions of proposals is September 19th, 2025. The Secretariat was requested to prepare a comprehensive analysis and recommendation for host countries of regional offices and an outpost for the Board's consideration.

Staff regulations, including revised salary structure

At its 42nd meeting, the GCF Board approved a new human resources legal framework to modernise the Fund's staff management - an update that was "long overdue", according to Executive Director, Mafalda Duarte. The reform replaces the outdated 2014 Administrative Guidelines with newly adopted Staff Regulations and Staff Rules that establish clear principles for recruitment, performance management, compensation, and dispute resolution. The Secretariat underlined that the goal is to strengthen the GCF's position as an employer of choice by creating a fair, transparent, and efficient system that attracts and retains top talent.

The new Staff Regulations are the result of an extensive benchmarking exercise with other major international institutions, alongside consultations with Board members and relevant committees. Key changes include a revised salary structure with a new job classification system and updated pay scales, as well as enhanced family benefits, such as childcare compensation, contributing to greater gender equality within the workplace. The reforms also establish a new Unit of Professional Conduct (UPC), which will serve as a mediation body and first point of contact for staff seeking support in cases of conflict.

The Board expressed broad support for the reform while emphasising that its implementation must remain within the approved budgets for 2025 and 2026. Additionally, Board members highlighted the importance of ensuring geographic diversity in staff recruitment, including across senior management levels. The new framework will come into effect on 1 January 2026.

Dates and venues of upcoming Board meetings

Unable to find consensus, the Board deferred the decision on the date of its 43rd meeting. Some members suggested moving the meeting to December 2025, in order to allow more time for important decisions, e.g. on GCF regional presence, while others suggested

keeping the initially agreed date at the end of October 2025. A final decision will be taken intersessionally.

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