



## **Submission by Hungary and the European Commission on behalf of the European Union and its Member States**

Budapest, 12 August 2024

### **Subject: Guidance regarding the Green Climate Fund**

#### Requests:

- [Biennial guidance] *Decide* to amend the arrangements between the COP and the GCF as contained in Annex I, for consideration and approval by the Board of the GCF before the thirtieth session of the COP, with a view to the next guidance from the COP and the CMA being provided to the GCF at their thirty-first and eighth sessions respectively.
- [High-level guidance] *Recognize* the need to provide guidance that gives general priorities and directions to the Funds instead of giving specific instructions that impede on the competences of the several bodies of the GCF.
- [Access] Building on the GCF's progress, *encourage* the GCF to further strengthen access by undertaking the necessary reform efforts that will facilitate and simplify access, including by shifting to a programmatic approach and bettering relationship between countries, particularly SIDS and LDCs, and the Secretariat through a reform of engagement modalities with countries. This programmatic approach can be further strengthened by ensuring alignment between funding requests and national investment plans and strategies. such that the NAPs, NDCs, LTS's, TNAs and TAPs of Parties are aligned and compatible with a 1.5 degree pathway. Promoting in this context the strategic directions set out by the GCF Strategic Plan 2024-2027, including by means of encouraging and facilitating cooperation and learning between international and direct access entities and peer learning between direct access entities, with a view to manage accreditation, reaccreditation and PSAA pipelines that bring value addition to delivering GCF goals and programming priorities.
- [C&C] *Welcome* the work undertaken by the GCF with other funding mechanisms and institutions, especially the joint Action Plan on Complementarity and Coherence following the Joint Declaration at COP28 of GEF, GCF, CIFs and AF and *urge* the GCF to accelerate its efforts in aligning programming, policies and processes with other climate funds, and further strengthening complementarity and coherence with the broader climate finance architecture in order to enhance access to the climate finance, improve its impact, play an enabling role in the international financial architecture and jointly work in a cost-efficient manner that increase the amount of



climate finance dedicated to action on the ground. Promote further, in this context, partnerships with Multilateral Development Banks and International Financial Institution to facilitate de-risking and leverage of private sector flows at scale including by the deployment at scale of blending a wide array of innovative instruments that build on and support domestic and international capital mobilization for mitigation and adaptation country-driven investment programming, promote innovation and catalyze green financing. We urge the GCF to closely analyse the upcoming G20 Sustainable Finance Working Group's report jointly with the other Multilateral Climate Funds and implement the report's recommendations as appropriate.

- [Private finance / 2.1c] *Urge* the GCF to further accelerate its efforts in de-risking private climate investments in developing countries, including by supporting developing countries to set up enabling environments for both investments from public international, incl. bilateral and multilateral, as well as innovative and blended and in particular private investments in mitigation and adaptation project, and its efforts to support developing countries with regard to the goal of the Paris Agreement to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.
- [Gender] *Recall* the critical importance of the GCF's Gender Policy and Gender Action Plan and *urge* the Fund to enhance the Plan's ambition in its next version to be adopted for the 2024-27 programming period.
- [TDT] The EU and its Member States call for enhanced engagement with the Technology Mechanism (TM) to leverage the TM expertise in identifying technology needs and providing policy recommendation.
- [TDT] The EU and its Member States request the GCF to further enhance its reporting on the proportion of their support which directly or indirectly contributes to technology development and transfer, including if the support is provided for implementing Parties technology needs assessment outcomes and technology action plans.



## **Annex I – Amended Arrangements between the COP and the GCF**

### **Preamble**

*Recalling* Conference of the Parties (COP) decisions 1/CP.16, paragraph 102, and 3/CP.17, paragraphs 3–5, as well as the governing instrument for the Green Climate Fund (GCF), paragraphs 3–6.

*Recognizing* that the provisions contained in Article 11, paragraph 3, of the Convention, decision 3/CP.17 and the governing instrument for the GCF contained in the annex to 3/CP.17 form the basis for arrangements between the COP and the GCF.

The Conference of the Parties (hereinafter referred to as “the COP”) to the United Nations Framework Convention on Climate Change (hereinafter referred to as “the Convention”) and the Green Climate Fund (hereinafter referred to as the “GCF”) hereby reach the following arrangements:

### **II. Purpose of these arrangements**

1. The purpose of these arrangements is to set out the working relationship between the COP and the GCF to ensure that the GCF is accountable to and functions under the guidance of the COP to support projects, programmes, policies and other activities in developing country Parties.

### **III. Determination and communication of guidance from the Conference of the Parties**

2. The GCF shall receive guidance from the COP, including on matters related to policies, programme priorities and eligibility criteria.
3. The COP will, after every second session, communicate guidance to the GCF.
4. The COP will provide guidance based, inter alia, upon a thorough consideration of the annual reports of the GCF.

### **IV. Conformity with guidance of the Conference of the Parties**

5. The GCF will take appropriate actions in response to the guidance received and will report on such actions taken.

### **V. Reconsideration of funding decisions**

6. These arrangements reaffirm that the Board of the GCF has full responsibility for funding decisions.



7. The Board of the GCF has been mandated by paragraph 69 of the governing instrument to establish an independent redress mechanism that will report to the Board.
8. The independent redress mechanism will be open, transparent and easily accessible and will address, inter alia, the reconsideration of funding decisions.
9. The GCF will include in its annual reports to the COP the recommendations of its independent redress mechanism, and any action taken by the Board of the GCF in response to those recommendations. The COP may provide additional guidance to clarify policies, programme priorities and eligibility criteria as they impact funding decisions.
10. Further modalities for the reconsideration of funding decisions as per Article 11, paragraph 3(b), will be developed appropriately once the independent redress mechanism is operational.

## **VI. Reports from the Green Climate Fund to the Conference of the Parties**

11. The GCF is to submit annual reports to the COP for its consideration. Such annual reports shall include information on the implementation of policies, programme priorities and eligibility criteria provided by the COP, including information on the extent to which COP guidance has been adhered to by the Board of the GCF.
12. The GCF will include in its reports a synthesis of the different activities under implementation and a listing of the activities approved, as well as a financial report.
13. The GCF will also include in its reports information on all activities financed by the GCF.
14. The GCF will indicate in its reports actions it has undertaken to balance the allocation of resources between adaptation and mitigation activities under the Fund.
15. The GCF will also include information on the development and implementation of mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, as appropriate.
16. The COP may request additional information from the GCF via its biennial guidance.

## **VII. Determination and periodic review of funding necessary and available**

17. In accordance with Article 11, paragraph 3(d), of the Convention, which calls for arrangements to determine in a predictable and identifiable manner the amount of funding necessary and available for the implementation of the Convention, and the conditions under which that amount shall be periodically reviewed:
  - (a) The COP will make assessments of the amount of funds that are necessary to assist developing countries in implementing the Convention, in order to help inform resource mobilization by the GCF; and



(b) The GCF is to provide information on resource mobilization and the available financial resources, including any replenishment processes, in its annual reports to the COP.

### **VIII. Cooperation between secretariats and representation in meetings of the governing bodies**

18. The secretariat of the GCF and the secretariat of the Convention may, as necessary and subject to the direction of the Board of the GCF and the COP, respectively, cooperate and exchange views on matters relevant to the operation of the financial mechanism of the Convention, including implementation of these arrangements between the COP and the GCF, coordination with other international financing channels and participation of representatives at relevant meetings of the bodies.

19. The participation of representatives of the secretariat of the Convention in the meetings of the GCF, and of the secretariat of the GCF in the sessions of the COP, is to be governed by the rules of procedure of the GCF and the COP, respectively.

### **IX. Review and evaluation of the financial mechanism**

20. The reports of the GCF should include any reports of the independent evaluation unit, including for the purposes of the periodic reviews of the financial mechanism of the Convention.

21. The COP may commission an independent assessment of the overall performance of the GCF, including of the performance of the Board of the GCF, to coincide with periodic reviews of the financial mechanism.

22. The COP will invite feedback from the GCF in advance of making any conclusions or findings from the review or evaluation of the financial mechanism.

### **X. Review of these arrangements**

23. These arrangements can only be modified in writing by agreement between the COP and the GCF.

24. These arrangements shall come into force upon agreement by the GCF and subsequent agreement by the COP.

25. These arrangements may only be terminated in writing by agreement between the COP and the GCF.